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# Infrastructure Investment Plan 2011

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The Scottish  
Government

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## Foreword

Our vision is a secure, prosperous, confident, healthy, fair, well-connected, low carbon Scotland, which we are building in partnership with local government, the private sector and others for the benefit of the people of Scotland. As Cabinet Secretary for Infrastructure and Capital Investment, I am pleased to introduce this plan, setting out our future commitments and long term proposals for achieving this vision. Our investment decisions are focused on supporting the delivery of this Government's Purpose – as set out in our *Government Economic Strategy* – of increasing sustainable economic growth with opportunities for all of Scotland to flourish.

We have achieved much already in partnership across Scotland. However, in these challenging financial times, we need to think long term, and we need to be more innovative. We believe Scotland can achieve global advantage in emerging growth sectors and we are taking action to support our aspirations. Westminster may have short-sightedly cut our capital budget, but we are mitigating this with additional use of revenue funded capital investment and innovative funding methods. With the borrowing powers we are seeking, we could do more and do it more quickly. It is estimated that each £100 million of public sector capital spending supports around £160 million of output and 1,400 full time equivalent jobs in the Scottish economy.

We will make best use of what we have, rationalise what we no longer need and create the economic and social infrastructure to enable Scotland to thrive. We will continue to work in partnership with the private sector, local government and the UK Government to ensure we maximise the combined value of the networks and assets within Scotland that are crucial for providing services to businesses and households, so that all parts of our country and all sections of the community can benefit.

We have listened to those in the private sector who want Government to lead the way in setting out a clear long term framework for Scotland within which they can confidently invest. We have listened to the critics of the Private Finance Initiative and have introduced the alternative Non-Profit Distributing model for delivering assets such as new schools and health centres, attracting investment but without the drain of excess profits.

We have listened to Audit Scotland and taken a strategic overview of Scottish Government investment, sharing best practice and achieving best value and consistent approaches across investment sectors wherever appropriate. We have made difficult collective decisions in the Spending Review on the priorities for early investment in the next three years, and we will refine the pipeline further at each Spending Review. We have listened to those concerned about the long term sustainability of our finances and will keep future revenue commitments related to our overall investment programme at no more than 5% of expected future budgets.

We have listened to those concerned for future generations and we will build to the highest practical sustainability standards, reducing our carbon impact and future operational costs.

Amongst the many important investments set out within this document, I draw your attention to the following long term commitments that are particularly significant:

- On **transport** - by 2025, we will have dualled the A9 between Perth and Inverness, with a view to completing the dualled road network between all our cities by 2030;
- On **digital** - by 2020 we will deliver next generation broadband to all;
- On **energy and renewables** – by 2020, 30% of our overall energy demand and 100% of electricity will be generated from renewables, whilst our final energy use will have reduced by 12%;
- On **water** – through to 2030 we will continue to deliver improvements to drinking water quality, protecting the environment, and reducing leakage;
- On **waste** – by 2025 we will be recycling 70% of Scotland’s waste and only 5% of remaining waste will end up in landfill;
- On **health** – through to 2030 we will continue to invest in property, medical equipment, IT and vehicles to support patient-centred, safe and effective healthcare;
- On **education** – by 2018 the vast majority of Scotland’s children benefit from good learning environments, and by 2016 students in Glasgow, Inverness and Kilmarnock will benefit from new colleges; and
- On **housing** – through to 2030 we will deliver a step change in the provision of energy efficient homes through new-build programmes and the retrofitting of existing homes.

This Infrastructure Investment Plan sets out why we need to invest, how we will invest and what strategic, large scale investments we intend to take forward within each sector over the next 10 to 20 years. We would welcome your views on the proposed pipeline of investments, which we intend to update on a regular basis in the light of feedback, changing circumstances and the development of individual projects. Through the publication of our Programme for Government, the Government Economic Strategy and the Scottish Spending Review 2011, I believe we have the clear leadership and direction which will steer us through the coming years. This Plan helps set out the path we will follow to realise our ambitions.

**Alex Neil MSP**

Cabinet Secretary for Infrastructure  
and Capital Investment



# Chapter 1: **Why We Will Invest**



# 1. WHY WE WILL INVEST

## 1.1 INTRODUCTION

This document provides an overview of the Scottish Government's plans for infrastructure investment over the coming decades. Investment in infrastructure is a key driver of both short and long-term economic growth performance and makes a vital contribution to delivering the ambitions set out in our Government Economic Strategy. Investment also supports better and more efficient public services.

The May 2011 Scottish Parliamentary election represented a turning point in the future governance of Scotland. The Scottish people's overwhelming endorsement of the Scottish Government was based on confidence that Ministers would consistently defend and further Scotland's interests. That confidence is grounded on a track record of proactive and competent governance through a challenging period, achieved without many of the advantages of a fully autonomous administration.

Our approach is one of shared values, equity, sustainability and engagement. In collaboration with our delivery partners we have devised a set of agreed outcomes providing direction and leadership in Scotland since the onset of the deterioration in economic conditions in 2008 and in steering us through the fragile recovery of recent years.

Although restricted by the existing constitutional framework, a framework which sees 90% of Scottish tax revenues controlled by Westminster and set without reference to Scottish needs or priorities, we have worked to protect jobs and support growth in our economy.

The Scottish Government responded at the first signs of recession through our detailed Economic Recovery Plan, which was firmly embedded within the principles of the Government Economic Strategy. It is estimated that the actions undertaken in the Economic Recovery Plan supported 15,000 jobs, including 5,000 through a programme of accelerated capital investment which provided a vital boost to our construction industry.

As a result of these actions we can now look back on a recession which was shorter and shallower than the rest of the UK.

However, global economic conditions remain uncertain and the recovery is fragile. It is now abundantly clear that Scotland needs greater control of the economic levers that would allow us to capture the unique opportunities in Scotland's economy and to maximise our potential. The Scotland Bill, currently being discussed in the Houses of Parliament in Westminster, provides no meaningful new economic powers to Scotland. We will continue to press Westminster for greater provision to allow us to improve sustainable economic growth in Scotland including greater borrowing powers, but it is clear to us that we must have full freedom to grow our economy and create new jobs.

The financial situation and settlement from Westminster has meant that significantly less Capital DEL funding is being made available from the UK Government for

capital investment and, under the current constitutional framework, these funding constraints are likely to continue into future Spending Reviews. While we welcome the Chancellor's decision in his Autumn Statement last month to adjust capital budgets upwards, with consequential for Scotland, these changes offer very modest relief from the large reductions announced in the 2010 UK Spending Review. Under the current constitutional framework, funding constraints are likely to continue into future Spending Review periods. This Plan sets out how the Scottish Government is responding: prioritising investment plans; improving value for money and maximising the funding available, including through the development of innovative financial tools to increase and accelerate investment.

This Plan identifies the larger Scottish Government investments expected in the coming decades, costing £20 million or more. In addition we will be investing significantly in a wide range of less costly projects and programmes, that are also strategically important, but have not been individually identified in this Plan, and will be developed on a rolling programme within each sector. For example, within transport, smaller scale investments will be identified through a refresh of the Strategic Transport Projects Review in early 2012.

We do not attempt to provide here a picture of all UK Government, local government and private sector investment in Scotland. However, we do highlight where there are significant links and collaboration between these areas and Scottish Government investment.

In terms of this Plan's environmental assessment under the Environmental Assessment (Scotland) Act 2005, Section 4(3)(b) of the Act states that 'Financial or budgetary plans and programmes' are outwith the scope of the Act. As a budgetary plan, the 2005 Act does not therefore apply to the Infrastructure Investment Plan. However, although the Infrastructure Investment Plan falls outwith the scope of the 2005 Act, Scottish Ministers are committed to Strategic Environmental Assessment (SEA) and the individual plans and programmes identified within this Plan will have to be considered on their own merits.

The previous Infrastructure Investment Plan published in 2008 now needs updating. In the intervening period, there has been a huge change in the long-term outlook for public finances and in global economic conditions. It is in light of these changing economic conditions that we took the opportunity to update our Government Economic Strategy, which was published in September 2011. Our Climate Change (Scotland) Act 2009 has established ambitious emissions reduction targets. The sharp reduction in traditional capital budgets, combined with our decisions to take forward our climate change commitments and large strategic investments - the Forth Replacement Crossing, the New South Glasgow Hospitals and the schools building programme - has required rigorous prioritisation of investment in the short to medium term. This Plan explains those priorities, and looks beyond them, to aid planning and investment for the medium to long term.

This Infrastructure Investment Plan (IIP) sets out the pipeline of investment expected over the coming decades. The Spending Review has set out Scottish Government decisions on the projects to be funded up to 2014-15. Beyond this Spending Review period, the investment pipeline is subject to increasing levels of uncertainty. The pace at which the pipeline can be advanced will be influenced by the overall

availability of funding, including borrowing powers, and the balance of funding through capital and revenue budgets. The final profile within the pipeline will be influenced by decisions on the prioritisation of projects in future Spending Reviews and also by the ongoing refinement of the costs associated with individual projects, as business cases are further developed.

We would welcome views on our proposed pipeline of investment. We intend to update the pipeline on a regular basis to reflect the economic climate, changes in the funding available, and the development of individual projects.

## **1.2 INVESTMENT SINCE 2007**

We have invested nearly £17 billion of capital funding over the five years from 2007-08 onwards.

A wide range of key projects has been completed since the last Infrastructure Investment Plan was published:

- We have brought into service new Class 380 trains and the Alloa-Kincardine and Airdrie-Bathgate rail routes have both opened, and we have delivered 19 major road schemes, including the M74 completion and the M80.
- Basic broadband has been delivered to over 99% of the Scottish population, we have saved 400 million litres of water each day through leakage measures, and we have invested in rural businesses through the Scotland Rural Development Plan.
- In the health sector investment has ranged from large acute hospitals, such as Larbert, to the Dental School in Aberdeen, to primary care facilities in Renfrew and Barrhead.
- Over the last Parliament 205 primary schools, 111 secondary schools and 14 special school building projects have been completed and investment has significantly improved the condition of the college and university estates.
- We have invested in affordable homes and making homes more energy efficient, in regenerating town centres and improving the prison estate.
- We have redeveloped the National Museum of Scotland and Stirling Castle Palace.

More detail on the full range of investment since the previous IIP is provided in Chapter 3.

### 1.3 THE GOVERNMENT ECONOMIC STRATEGY

The programme for capital investment described in this Infrastructure Investment Plan, makes a vital contribution to delivering increasing sustainable economic growth, and the ambitions that we set out in our Government Economic Strategy.

#### The Importance of Public Sector Investment

Public sector investment enhances economic performance through developing the long-term enablers of growth such as transport networks, electronic communications links, schools, and hospitals. Through improving a country's infrastructure, public sector investment will facilitate additional investment from the private sector. It is also important in providing infrastructure in areas where, through market failure, the private sector would fail to meet public demand.

Well-targeted public investment can influence economic growth performance through:

- Boosting long run potential output; and
- Improving productivity and competitiveness, through efficiency gains and reduced average production costs.

Both of these elements are vital for long term economic growth. Enhancing transport infrastructure and services more generally can open up new markets, increase access to employment and help to build up a critical mass of businesses that drive up competitiveness and deliver growth.

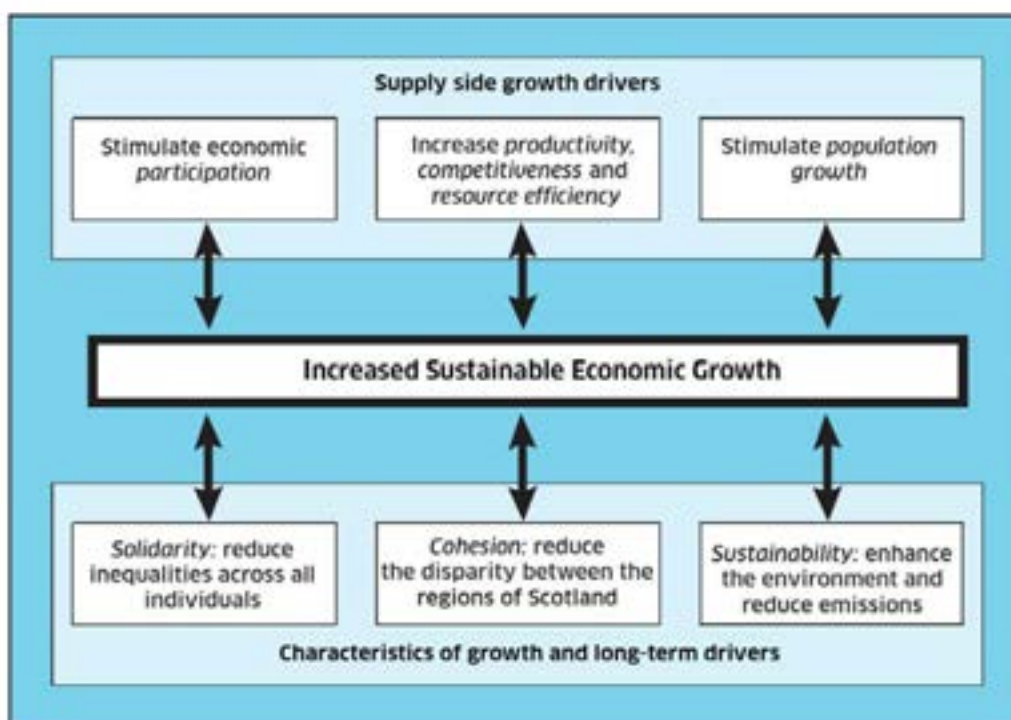
As well as supporting the economy, public sector investment also has a vital role in supporting wider strategic objectives. For example, by supporting social objectives and broader economic welfare in areas such as health, education and housing, investment in infrastructure can improve labour participation, reduce inequalities and offer wider improvements to society and quality of life.

In September 2011 we published three strategic documents, our Programme for Government, the Government Economic Strategy (GES), and our Spending Review. These three documents provide a clear and cohesive manifesto for the governance of Scotland over the coming years. Each reinforce the Scottish Government's overall Purpose:

***to focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.***

The Purpose Framework set out in the Government Economic Strategy identifies the key components of faster economic growth – **Productivity**, Competitiveness and Resource Efficiency, **Participation** in the Labour Market and **Population** Growth – and our desired characteristics of growth – **Solidarity**, **Cohesion** and **Sustainability**. Figure 1 demonstrates how these drivers and characteristics of growth are all linked to deliver balanced sustainable economic growth alongside important social, regional and inter-generational equity objectives.

Figure 1: The Purpose Framework



Infrastructure Investment decisions contribute to the delivery of each of these components of growth:

- Enhancing digital and transport networks improves connectivity across Scotland and beyond, increasing access to new markets and driving up **Productivity**.
- Infrastructure investment supports employment throughout Scotland, particularly in the construction sector. Investment in communication and transport networks also support increased **Participation** and **Cohesion** through improved access to labour markets.
- Investment in our social and economic infrastructure will ensure attractive and safe communities for people to live and work. This is central to our ambitions for growing Scotland's **Population** and is particularly important to ensure the sustainability of many of our rural and coastal communities.
- Our balanced and coherent spatial policy will provide investment and regeneration in some of our most disadvantaged areas, moving us towards achieving our **Solidarity** and **Cohesion** ambitions.
- Through driving the transition to a low carbon economy, infrastructure investment will make a key contribution to our **Sustainability** target by enabling the development of the renewable energy industry, low carbon buildings and sustainable transport.

## Strategic Priorities

To drive sustainable economic growth – and secure the recovery - the *Government Economic Strategy* identifies six Strategic Priorities. The Strategic Priorities represent the policy levers that shape the drivers of and desired characteristics of growth. In doing so, the Strategic Priorities will ensure that by tackling the causes of inequality, barriers to economic opportunity and environmental concern we will make our nation fairer and more prosperous. The six Strategic Priorities set out in the Government Economic Strategy are:

- Maintaining and developing a **Supportive Business Environment** , with a focus on growth companies, growth markets, and growth sectors.
- Driving the **Transition to a Low Carbon Economy** – to reflect the excellent opportunity we have to secure investment and jobs in the low carbon sector and ensure that the benefits of this transformational change are shared across the economy and our communities.
- **Learning, Skills and Well-Being** – recognising that our people are our greatest asset, and that a skilled, educated and creative workforce is essential to creating a more competitive and resilient economy.
- **Infrastructure Development and Place** – to harness the strength and quality of our cities, towns and rural areas to take advantage of the opportunities offered by the digital age.
- **Effective Government** – as it is only by ensuring that the actions of the public sector are fully coordinated and aligned that we will be able to maximise Scotland’s potential.
- **Equity** – as well as being a desirable outcome and characteristic of growth, equity – social, regional and inter-generational - is a key driver of growth. It is only by ensuring that everyone has an opportunity to succeed that we will fully maximise the nation’s potential.

Infrastructure investment contributes to each of the Strategic Priorities. The Infrastructure Investment Plan focuses on the fourth priority by setting out how we will invest resources in economic and social infrastructure to grow the economy and generate new jobs. The impact of infrastructure investment on long-term growth rates is widely recognised<sup>1</sup> and whilst the optimal level of investment in an economy is difficult to quantify, recent studies identify the need for significant additional investment.<sup>2</sup> In a period of declining resources, ensuring that available resources are targeted efficiently and cost effectively to those areas that make the strongest contribution to sustainable economic growth becomes all the more important.

The following section explains what resources will be available over the current Spending Review period and beyond, while the remaining sections of this chapter explain how decisions on investment priorities are made.

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<sup>1</sup> OECD Economic Working Paper No.685. Infrastructure and growth: Empirical Evidence 2009

<sup>2</sup> Making the right connections – CBI / KPMG infrastructure survey 2011.

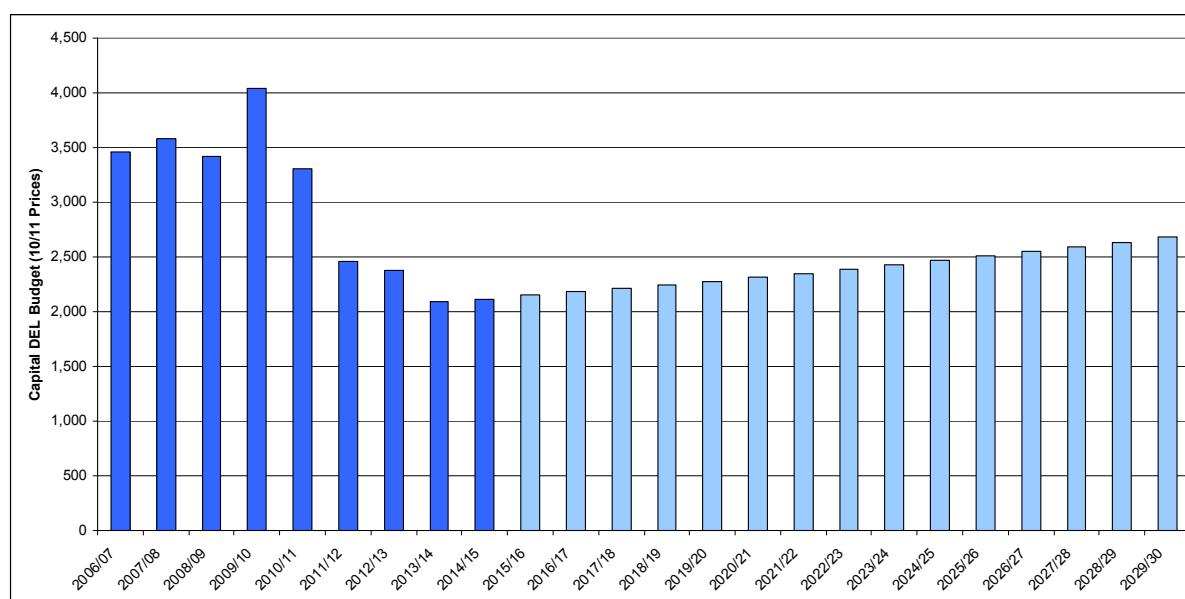
## 1.4 AVAILABILITY OF FUNDING

The legacy of the global financial downturn has had a huge impact on public sector finances and has resulted in significantly lower public expenditure budgets. Under the current funding arrangements for Scotland, the pace at which the Scottish Government can implement its infrastructure plans largely depends on the allocation of budgets from HM Treasury at each Spending Review.

The UK Government's Spending Review 2010 decisions have resulted in the capital budgets available to the Scottish Government falling by 37 per cent in real terms by 2014-15 compared to the financial year 2010-11 – a reduction that will be cushioned to a very modest extent by the decisions on capital spending set out in the Autumn Statement. The allocation of Capital Departmental Expenditure Limits (DEL) budgets in recent Spending Review periods is shown below. This scale of reduction, and the challenges it creates, are unprecedented and will inevitably slow the pace of implementation of the Scottish Government's infrastructure programme.

The Scottish Government's capital budget is expected to fall in real terms up to 2013-14. There is a small increase in the last year covered by the Spending Review (2014-15) and it is forecast that this will be followed by subsequent real terms increases.

**Figure 2: Scottish Government Capital DEL Budget (2010-11 Prices)**



As a result of the UK Government spending plans, and depending on UK economic growth and fiscal policy, we do not expect the total Scottish Government DEL budget, which includes revenue and capital, to return to 2009-10 levels in real terms until 2026-27.

The Scottish Government is deeply concerned that, without effective action, some projects will be delayed. Moreover, the scale and pace of cuts could damage the construction sector, and in turn, prospects for the economy as a whole.

To continue to deliver sustainable economic growth and fund vital improvements to our health service, schools and housing we are making use of all levers available, including tapping into new, innovative sources of finance, leveraging in private and European funding and using borrowing where available.

The Scottish Government will make decisions on the final balance of funding used over the coming years within a sustainable financial framework. We aim to ensure that we use revenue funded methods at a sustainable level, and do not overly constrain our choices in future years. We will cap our future revenue commitments related to capital investment to a maximum of 5% of our expected future annual DEL budget. These revenue commitments will include existing PFI commitments we have inherited, future debt repayments once we have borrowing powers, and payments made under both the Non-Profit Distributing model and Network Rail's Regulatory Asset Base.

Key actions to maximise the funding available for investment include:

- Using the **Scottish Futures Trust** to get more infrastructure for the money that we are spending, to support the development of innovative financing methods and to facilitate collaborative procurement and asset management across the public sector;
- Taking forward a new pipeline of revenue funded investment worth £2.5 billion, to be delivered through the **Non-Profit Distributing** (NPD) model, including major projects such as completing the M8, Aberdeen Western Peripheral Route including the Balmedie to Tippetty Project, and the Royal Hospital for Sick Children in Edinburgh;
- Making full and appropriate use of the **Regulatory Asset Base** (RAB) to fund new rail projects (including Edinburgh Glasgow Improvements Programme, Aberdeen-Inverness and Highland Mainline), to improve digital infrastructure and to upgrade the electricity transmission grid;
- Bringing forward Regulations made under the Local Government Finance Act 1992 to pilot up to six **Tax Incremental Financing** (TIF) schemes to test their applicability under Scottish circumstances.
- Taking forward a second wave of the **National Housing Trust** (NHT) initiative, which leverages in private sector funding and Council borrowing to support affordable housing;
- Work with our partners in local government to see to what extent their powers to borrow can prudently be used to supplement capital budgets;
- Ensuring bodies such as **Registered Social Landlords and Further Education colleges**, which have borrowing powers, are encouraged to use these, where appropriate, to support sustainable investment;
- Preparing to make the first investments through the £50 million **JESSICA Fund**, managed by the European Investment Bank and jointly funded by EU and SG money;



- Ensuring better alignment across future **European funding programmes** to better support strategic infrastructure investment;
- Working collaboratively with Scotland's cities and other stakeholders to develop a **strategy for Scotland's cities** that will provide a framework for more effective collaboration and partnership between Government, Scotland's cities and their regions, and between the public, private and third sectors;
- Bringing forward proposals for Enterprise Areas in Scotland which will provide a range of incentives to encourage investment in key growth sectors, particularly in relation to the low carbon opportunities; and
- Maximising receipts from **asset sales** and driving savings from improved asset management across the public sector.

The NPD model and other innovative financing measures will allow us to leverage in additional capital spending, helping to support employment in the construction and other sectors of the economy. Using the latest Scottish Government Input-Output model of the economy, it is estimated that **£100 million of public sector capital spending** in 2012-13 would **support around £160 million of output** and support around **1,400 full time equivalent jobs** in the Scottish economy.

More detail on innovative financing and procurement is provided in Chapter 2.

## 1.5 PRIORITIES

There are many competing pressures and challenges which impact on investment decisions. Undoubtedly the financial and constitutional constraints described above present the most fundamental of these challenges, limiting the amount of capital which could be invested.

Scottish Ministers decide on the priority given to the range of potential investments in the light of the Government's Purpose. To assist with decisions on prioritisation of projects, the Infrastructure Investment Board has broken down the purpose into four prioritisation criteria, and each new investment proposal is considered against these criteria.

- **Delivering sustainable economic growth;**
- **Managing the transition to a low carbon economy;**
- **Supporting delivery of efficient and high quality public services; and**
- **Supporting employment and opportunity across Scotland.**

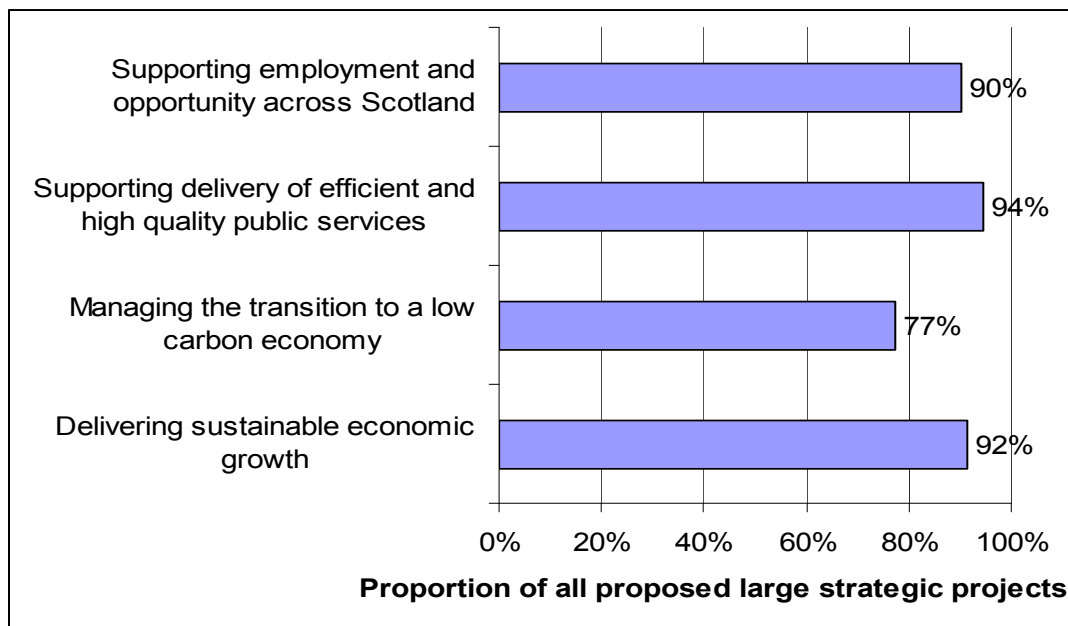
This prioritisation framework allows a wide range of individual projects to be considered and compared according to how they interact with the overarching purpose, as well as how the project will achieve its own specific objectives, such as reducing waiting times for health projects or improving reliability of journey times for

transport projects. This initial high level assessment of the outcome of proposed projects and programmes is refined over time, as business cases are developed.

Within this long term plan, 75 large strategic projects and programmes have been separately identified. Figure 2 summarises the high level initial assessment of how these are expected to contribute across the four prioritisation criteria. All of these projects or programmes contribute to either delivering sustainable economic growth or supporting the delivery of efficient and high quality public services, or both these objectives. In addition, 90% will contribute to supporting opportunity and employment and three-quarters to managing the transition to a low carbon economy.

Also, some Scottish Government investments can be used to lever in funding from other sources, magnifying the impact of the investment, and this is also taken into account when considering the priority given to individual investments. It is expected that 30% of the projects and programmes will lever in additional funding from other sources.

**Figure 3: How Proposed Infrastructure Investments Deliver Against the Prioritisation Criteria**



As well as prioritising investment across sectors within the Government, investment is also prioritised within each sector. The following box provides examples of how this is undertaken within the health, water and transport sectors.

### **Box 1: Examples of Prioritisation within Sectors**

**Health:** Health Boards prepare a rolling annual plan as part of the Local Delivery Plan process which includes a five year programme of capital projects. Projects are assessed locally and if they meet the strategic aims of the Board are included in the five year financial plan. For projects which are above the delegated limits for Boards, an Initial Agreement is submitted to Scottish Government's Capital Investment Group (CIG) which demonstrates conformity to extant national and local strategies and a clear business need. Local strategies will have their origins in the local clinical strategy; are modelled in terms of their infrastructure requirements and are incorporated into a Board's Property and Asset Management Strategy. A capital planning software system is currently under development nationally to provide improved information about long term needs, affordability and constraints to assist with the prioritisation of capital investment.

**Water:** Capital planning and prioritisation in the water sector is a rigorous process known as Quality and Standards. This process is designed to ensure that investment priorities are agreed by Ministers prior to the start of each regulatory period in the light of evidence, advice and cost information from customers, stakeholders and regulators. The priorities to be delivered are set out in legally binding Directions to Scottish Water. A list of specific improvements or outputs (also known as the Technical Expression) underpins these Directions<sup>3</sup>. Both documents form the basis of Scottish Water's Delivery Plans and the monitoring arrangements. The Government is currently managing the Quality and Standards 4 process which will seek to identify investment priorities for a ten-year period 2015-25. To date it has sought advice from Scottish Water, its regulators and customer representatives on the likely priorities. This will form the basis of a wider engagement exercise with stakeholders and customers in Spring 2012.

**Transport:** Transport Scotland has developed, maintains and promotes the use of the Scottish Transport Appraisal Guidelines (STAG) for use when developing solutions to issues. This appraisal tool uses transport planning objectives arising from an evidence-based analysis of the issue to give rise to potential solutions. Such solutions are tested against appraisal criteria including environment, economy, safety, integration and accessibility and social inclusion. The results of the qualitative and quantitative appraisal is presented in a consistent manner to decision makers without weighting of individual criteria. This allows a range of factors to be considered when prioritising schemes. Schemes selected as a result of a STAG appraisal are considered to have met their Strategic Business Case. Schemes then progress through the normal stages of Outline, Final and Full business case in line with Transport Scotland bespoke guidance. This is consistent with the Department for Transport Web-TAG appraisal tool, Treasury guidance and the OGC Gateway process.

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<sup>3</sup> The Directions and Technical Expression for the period 2010-15 are available at:  
<http://www.scotland.gov.uk/Topics/Business-Industry/waterindustryscot/improvingervices>

The remainder of this chapter provides more detail on the individual prioritisation criteria.

### **Delivering sustainable economic growth**

We will boost long term sustainable economic growth by focusing our investment plans on:

- **Growth sectors, markets and companies:** Scotland needs to boost the performance of Scottish companies and make Scotland an attractive place for inward investment to provide quality and sustainable jobs. Scotland enjoys internationally comparative advantages in a number of growth sectors, including renewables, life sciences and creative industries. The Government Economic Strategy sets out how we will direct our efforts and resources to create the right environment for growth in Scotland.
- **Cities and their regions:** cities are the engines of growth in the economy. We will use our strategy for Scotland's cities to develop a shared understanding of the growth priorities of our cities and their regions and work together to deliver these priorities.
- **Infrastructure which facilitates growth:** connectivity (transport and digital) is key to ensuring and enhancing productivity and attracting investment. Historically low levels of investment in UK transport infrastructure has contributed to congestion, especially in road and air transport, hampering productivity<sup>4</sup>. A key priority for the Scottish Government is to ensure that key physical and digital networks are sufficiently strong to be an enabler for commercial investment and growth. Therefore we have prioritised:
  - **Improvements to major transport links** such as the upgrading of the M8, the building of the Aberdeen Western Peripheral Route and the Edinburgh Glasgow Rail Improvement Programme. Investment in transport infrastructure also plays an essential role in creating the right conditions for successful and sustainable growth in a low carbon economy.
  - **Next generation broadband infrastructure** to support future innovation in the digital economy and ensure Scotland's business base can remain competitive in the global digital environment.
  - **Upgrading the electricity transmission grid** to support the renewable energy industry and assist Scotland's transition to a low carbon economy.

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<sup>4</sup> Economic Policy Reforms 2011: Going for Growth – UK Country notes – OECD 2011.

## Managing the transition to a low carbon economy

The Scottish Government has statutory climate change targets that require it to reduce emissions year on year. The Climate Change (Scotland) Act includes duties on public bodies. Alongside this legislation, the Scottish Government is committed to driving forward the transition to a low-carbon economy. We set out in *A Low Carbon Economic Strategy for Scotland* (November 2010), an ambitious set of targets to:

- decarbonise electricity generation by 2030, largely decarbonise heat sector by 2050;
- almost complete decarbonisation of road transport by 2050;
- significant decarbonisation of rail by 2050; and.
- establish a comprehensive approach to ensure that carbon is fully factored into strategic and local decisions about rural and urban land use.

By 2020, we aim to meet 100% of Scotland's electricity demand and 11% of Scotland's heat demand from **renewables** and have set out actions to reduce our end use **energy consumption** by 12%.

Our capital investments over the next decades will contribute to our emission-reduction, energy efficiency and renewables targets, encourage innovation, demonstrate best practice to support businesses and skill development, and be adaptable to future climate change. They must not lock in high carbon activity that means that meeting our climate change targets will be more expensive and disruptive in the future. **Our investments need to be fit for a low -carbon Scotland.**

This means when taking forward the projects set out in this investment plan, procuring bodies will be considering the carbon and energy impacts both during construction and throughout its lifetime of use, how the infrastructure assists in mitigating and adapting to climate change, and for both new and refurbished public buildings what is the highest level of sustainability that can be practically achieved, such as an Excellent rating under BRE's Environmental Assessment Method (BREEAM 2011), or a high rating under the voluntary sustainability labels being developed under the Climate Change (Scotland) Act 2009.

## Supporting delivery of efficient and high quality public services

Maintaining, reshaping and investing in our infrastructure is crucial to supporting high quality public services throughout Scotland – whether providing fit for purpose buildings, facilities for those buildings, such as communications and utilities, or access for staff and service users.

**Asset management** is a crucial aspect of supporting public services. Improved use of public sector assets can be achieved through public bodies sharing premises to generate cost savings and improve service delivery. For example, reusing existing vacant public sector space wherever possible before signing up for new leases or purchases to obviate unnecessary expenditure. Careful internal planning can also

save space, and careful investment and occupation can reduce the environmental footprint of the estate.

The Cabinet Secretary for Finance and Sustainable Growth asked SFT to prepare two reports on public sector asset management, which were published on 20 September 2011: one focused on the central civil estate and one on the local civil estate. Together these identify the potential for significant savings over the next five years. In the report on the central civil estate, SFT believes that significant savings could be made by the Scottish Government, agencies and NDPBs disposing of space as it becomes available to reduce its estate by at least 25%, thus saving about £28 million annually. The local civil estate report identifies opportunities for potential savings of over £130 million over five years for the South East Hub Territory alone through more collaborative asset management by hub partners (local authorities, NHS Boards and police and fire authorities). By extension the report estimates that savings of at least £500 million are achievable over a five year period from the local civil estate across Scotland.

We are working with SFT and other key stakeholders to develop a Scotland-wide implementation programme for asset management activity and accelerate roll out based on the experience of the South East hub territory. We are also working on an Asset Management Strategy for the core Scottish Government to achieve 25% reductions in size and associated costs by 2016. It will be crucial to maximise asset management opportunities to deliver efficiencies across the whole public estate portfolio.

More detail on asset management in the sectors is provided in Chapter 3. Annex A summarises the stock of different public assets and the expenditure on maintaining these assets.

## **Supporting employment and opportunity across Scotland**

Improving our physical infrastructure brings immediate benefits to our economy by supporting employment in the construction sector and its supply chains.

Since 2007 we have funded over 300,000 training opportunities, a figure which includes a record 25,000 Modern Apprenticeships in 2011-12, and we will continue to fund 25,000 Modern Apprenticeship new starts in each year of this Parliament.

We will also use our £9 billion public procurement spending to maximum effect to promote economic growth and jobs, including:

- Asking every company in receipt of a significant government contract to produce a training and apprenticeship plan. This particularly targets our young people who have been especially badly hit by the recession.
- Continuing to use community benefit clauses to support employability and targeted recruitment and training through public sector contracts.
- Helping public bodies to design their contracts in a way which helps Scottish firms, particularly SMEs, to compete effectively.

## Place

Our focus on place will ensure that all of Scotland derives benefits from our infrastructure investment decisions. We want to ensure that we maximise the potential of all of Scotland and reduce disparities in economic performance, exacerbated by the recession.

Our focus on Infrastructure Development and Place looks to harness the strength and quality of our cities, towns and rural areas and ensure that Scotland is positioned to take full advantage of the opportunities offered by the digital age. There is a critical role for Government in capturing the opportunities that our geography provides, through our investment in our physical and electronic infrastructure and Scotland's planning, development and funding framework

Scottish Government Economic Strategy September 2011

By building up the capacity of our cities, towns and rural areas, we will optimise the contribution to and benefits from sustainable economic growth, including employment. Our actions include:

- The publication of a strategic framework for development of rural areas, *A Rural Future*, which sets out priorities for sustainable economic growth, including digital infrastructure.
- The development of a Cities Strategy that supports development of cities and their regions in their role as engines of economic growth.
- The designation of Enterprise Areas to incentivise key sector investments around Scotland.
- A Regeneration Strategy to meet the challenges faced by our most disadvantaged communities, creating a sustainable environment where people want to live and work.

## 1.6 CONCLUSIONS

The strategic framework established by the Scottish Government's Programme for Government, its Economic Strategy and the Spending Review provide a clear rationale for infrastructure investment decisions. This IIP sets out an ambitious agenda to meet the Government's strategic priorities and targets necessary to generate sustainable economic growth in the current challenging climate. The direction we are taking in Scotland differs significantly to that of the rest of the UK. Early indicators suggest that actions taken by the Scottish Government have led to a shorter shallower recession in Scotland, with recent favourable labour market statistics providing further evidence that our approach is working.

The extended period of Westminster imposed cuts to the Scottish budget requires innovative funding for infrastructure investment. Working with the Scottish Futures Trust, the Scottish Government is developing and exploring alternative funding

mechanisms to help accelerate and increase investment, so speeding up and strengthening recovery.

Our focus on connectivity and growth sectors will enable all communities across Scotland to benefit from improved economic opportunities. We are ambitious and optimistic about Scotland's future. But we will only be fully equipped to deal with future economic storms once we have greater access to the levers of economic growth.



# Chapter 2:

# **How We Will Invest**

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## 2. HOW WE WILL INVEST

This chapter considers how the Scottish Government invests, and in particular how investment is financed and how investment is delivered.

### 2.1 FUNDING MODELS

As discussed in Chapter 1, the Scottish Government is currently facing a severe reduction in the level of traditional capital funding available, and so alternatives that finance investments through revenue instead of capital, such as the NPD model and use of the RAB, are being taken forward. We are also increasingly using innovative ways of funding investments, through using Scottish Government funding as a means to unlock other funding streams. This section describes each of these funding models in more detail.

The Scottish Government will make decisions on the final balance of funding used over the decade within a sustainable financial framework. As we set out in the Scottish Government paper<sup>5</sup>, we believe borrowing powers should be based on the principle of long-term sustainability of debt obligations, not an arbitrary level as set out in the Scotland Bill currently. We aim to ensure that we use revenue funded methods at a sustainable level, and do not overly constrain our choices in future years. We will cap our future revenue commitments (including existing PFI commitments we have inherited, future debt repayments, NPD and RAB payments) at a maximum of 5% of our expected future annual DEL budget.

#### 2.1.1 TRADITIONAL CAPITAL FINANCE

Traditional capital finance is the most common method of financing public sector capital projects. Development and construction costs are paid from capital budgets at the time of building the asset. Major investments financed by capital include construction of the Forth Replacement Crossing (£1,600 million) and the New South Glasgow Hospitals (£842 million).

In general, funding infrastructure investment through public capital ensures the lowest cost of finance for a typical project. Capital finance will continue to provide financing for most infrastructure projects, but, given the 37 per cent cut to the capital budget over the period until 2014-15, we will be seeking to use a range of other financing mechanisms to ensure ongoing investment in essential infrastructure and support to the construction sector.

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<sup>5</sup> <http://www.scotland.gov.uk/Publications/2011/06/BorrowingPowers-24-06-11>.

## 2.1.2 CAPITAL BORROWING

Under the current public finance framework, we do not have the flexibility to borrow to fund additional capital expenditure. However, there is an overwhelming economic and financial case for providing this flexibility as soon as possible. The pace and scale of Scotland's infrastructure investment programme should be determined by the Scottish Parliament within a prudent and sustainable long-term financial framework. This is one reason why we are committed to a referendum on independence during this Parliamentary term. Only independence will give Scotland the full range of economic powers to promote growth, employment and opportunities for all to flourish.

In the interim, the Scottish Parliament should have substantial capital borrowing powers to fund productive expenditure for:

- large discrete projects or programmes which because of their scale require a temporary increase in the level of investment;
- delivering short term economic stimulus;
- smoothing the medium term profile of investment in key public services;
- maintaining capacity in key sectors; and
- helping lever in additional investment from external funders.

As we set out in the Scottish Government paper<sup>6</sup>, we believe borrowing powers should be based on the principle of long-term sustainability of debt obligations, not an arbitrary level as set out in the Scotland Bill currently. The measures proposed in the Scotland Bill would only allow the Scottish Government to borrow up to 10% of its Capital DEL budget per annum up to a £2.2 billion limit, whereas we have argued that the appropriate level would be 2% of our Total DEL budget, up to a limit of 20% of Total DEL. For illustration, in relation to this year's budget, the Scotland Bill offer would be equivalent to borrowing £260 million per annum up to a £2.2 billion limit, compared to our proposal of £560 million per annum, up to a £5.6 billion limit.

With greater authority over borrowing the Scottish Government would have greater flexibility to manage capital investment and to determine priorities according to the needs of the Scottish economy and public services. We have written to UK Ministers to make the case for enhanced capital borrowing provisions in the Scotland Bill and will continue to press for such powers.

Scottish Local Authorities have the power to borrow under the prudential borrowing regime. In 2010-11, around £1.1 billion of capital spend was supported by Local Government borrowing.

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<sup>6</sup> [http://www.scotland.gov.uk/Publications/2011/06/BorrowingPowers-24-06-11.](http://www.scotland.gov.uk/Publications/2011/06/BorrowingPowers-24-06-11)

## **2.1.3 REVENUE FUNDING**

### **Non-Profit Distributing**

In the NPD model, there is a partnership with a private sector provider, who finances, constructs and maintains an asset. The public sector then pays an annual charge over a 25-30 year period to the private sector provider from the revenue budget once the asset has been built. The Scottish Government supports the use of NPD to deliver revenue funded investment. The NPD model seeks to transfer risk and exert private sector discipline during the construction phase of a project and throughout its lifetime, but without the excessive profits associated with past Private Finance Initiative projects (PFI). Key features of the NPD model are that:

- returns to the private sector are capped;
- there is no dividend-bearing equity; and
- instead surpluses from NPD projects can be directed in favour of the public sector.

The NPD model is employed in circumstances where:

- there is a long term stable demand for a public sector asset; and
- there is not expected to be substantial technology change associated with the delivery of the service.

Significant value can be added by the private sector in considering the best combined approach to the construction and whole life cost of a public sector asset. In November 2010, the Scottish Government announced a pipeline of £2.5 billion NPD projects across core public services in transport, education and health. The Scottish Futures Trust is delivering this pipeline of projects in partnership with the Scottish Government, local government, NHS Boards and other public bodies. The most advanced of these projects, in the college sector, have now entered the procurement phase.

### **Regulatory Asset Base**

The RAB model is used as a means of providing a credible commitment to the recovery of the sunk costs associated with capital investment by regulated monopolies. These costs are financed from private sector sources and in most cases a return is generated by making a regulated charge to the consumers who benefit from the infrastructure. Key areas of infrastructure in Scotland using the RAB model are for rail infrastructure, fixed line telecommunications, electricity and gas transmission or distribution and water. With the exception of water, regulatory policy is set by the UK Government. The relevant regulator agrees investment plans with each operator, normally for a period of five years, and these new investments are added to the RAB and paid for by customers over time.

In the case of rail infrastructure, the Scottish Government (and Transport Scotland on its behalf) work directly with the Office of Rail Regulation and Network Rail to agree on major new investment. Network Rail receive a return on historic investment and any new investment through a combination of direct payments from

the Scottish Government and track access charges from the train operating companies.

#### **2.1.4 INNOVATIVE FINANCING AND PROCUREMENT**

Within the existing budgetary framework, the Scottish Government, in conjunction with the Scottish Futures Trust, has looked at innovative financing and procurement solutions which will help lever in new, additional funds to help take forward key infrastructure projects and lower the cost of infrastructure.

The Scottish Government has been at the forefront of developing innovative schemes such as Tax Incremental Financing (TIF), the National Housing Trust and the JESSICA fund to generate new funding sources for key infrastructure projects. We have also set up loan funds for businesses and communities. In addition we have developed Hub as an innovative way of bringing together local public sector organisations to deliver shared community buildings.

We are considering how best to brigade these initiatives within the Scottish Government and how we link better the innovative funding models with attractive investible propositions in Scotland.

##### **Tax Incremental Financing**

TIF is a means of funding public sector infrastructure needed to unlock regeneration in an area, and which would otherwise be unaffordable to local authorities.

The overarching goal of TIF is to support and guide the limited public finances available for regeneration by helping to lever in additional private sector capital. The TIF model allows for initial borrowing by Local Authorities to fund the infrastructure. Loans are then repaid through future increases in non-domestic rate revenues due to increased business creation resulting from the Local Authority's investment.

Scottish Ministers have brought forward secondary legislation under existing provisions of the Local Government Finance Act (1992) to enable up to six TIF pilot schemes to take place. A wider scheme may be introduced through primary legislation over the coming years, depending on the progress of the pilot phase.

Scottish Ministers have approved City of Edinburgh Council's Edinburgh Waterfront project and provisionally approved North Lanarkshire Council's Ravenscraig project. According to the business cases:

- in City of Edinburgh Council's Edinburgh Waterfront project, TIF is intended to finance the development of a new cruise liner terminal, lock gates, esplanade and link road, costing £84 million (unlocking £660 million of private investment); and
- in North Lanarkshire Council's Ravenscraig project, TIF will support Phase 2 of the new town centre at Ravenscraig on the site of the former steelworks, financing the upgrading and dualling of two roads, and infrastructure works and

land acquisitions at the site (£73 million of public sector investment unlocking £425 million of private investment).

As announced on 1 November 2011, three other local authorities will now work with the Scottish Futures Trust (SFT) to develop full TIF business cases:

- Falkirk Council - £52 million direct investment to key strategic road improvement, the Grangemouth flood defences and site enabling works. It is forecast to attract £365 million of private sector funding and creating over 5,000 full-time equivalent (FTE) additional jobs at national level.
- Fife Council - £17 million for improved vehicle and marine access to Energy Park Fife, site remediation and enhanced delivery of a Levenmouth Low Carbon Investment Park. It is estimated that 1,000 new jobs will be created.
- Argyll and Bute - £20 million proposal to extend Oban's North Pier and to construct a development road at Dunbeg/Dunstaffnage. 1,000 FTE jobs expected.

In addition:

- Glasgow City Council is in the process of developing a business case for a £80 million TIF project, Buchanan Quarter, which is expected to be submitted shortly; and
- Aberdeen City Council's plan to use TIF for the Union Terrace Gardens project will be progressed if public support for the project can be demonstrated.

Final decisions will be taken on all remaining TIF projects, on the basis of full business cases, in due course.

## **National Housing Trust**

The Scottish Government, with support from the Scottish Futures Trust, has developed the pioneering and successful National Housing Trust initiative (NHT). This initiative has been widely welcomed by both the public and private sectors as a means of providing a significant boost to the supply of affordable rented homes across the country whilst also supporting hundreds of jobs in the construction sector and wider economy.

NHT is a leading example of the type of innovative, high value for money model now needed to boost affordable housing supply. It uses the strength of a Scottish Government guarantee to unlock cost effective local authority borrowing for collaboration with the private sector.

The initial phase of NHT has resulted in contracts being secured for over 600 affordable homes across a range of local authority areas including Aberdeen, Edinburgh and the Scottish Borders. To build on this success, and to meet the clear demand for more, a second phase has now been launched. Almost half of Scotland's Councils are participating in Phase 2 where hundreds of additional affordable homes are being sought through a collaborative procurement exercise.

The Scottish Government is also continuing to work with housing associations to co-develop variants of the NHT model specifically for their sector. We sought feedback on these in the summer and responses showed a clear appetite and capacity for this kind of approach.

## **JESSICA**

On 6 July 2010, the Scottish Government announced the creation of a Joint European Support for Sustainable Investment in City Areas (JESSICA) fund in Scotland. JESSICA funding can be used to support a range of urban regeneration projects, including new business space, wireless technology zones, green energy for social housing, renewal of derelict sites and more efficient transport schemes.

The JESSICA Fund in Scotland has been capitalised by £26 million of Scottish Government funding, matched with £24 million of European Structural Funds. The total £50 million fund is being managed by the European Investment Bank (EIB), which will ensure that loans and equity investments made by the fund are made on commercial terms. These investments will be delivered to projects across Scotland through Urban Development Funds (UDFs).

A key advantage of the JESSICA Fund approach is that it enables the Scottish Government to use EU Structural Funds as a source of repayable investment (loans, equity) rather than grants, meaning that funds can be recycled and continue to deliver benefits over the life of the JESSICA structure. Both the EIB and UDF managers may also leverage their own resources into urban development projects supported by JESSICA, which would further increase the economic impact of this policy.

## **Loan Funds**

In other areas the Scottish Government is also introducing innovative loan funds, to facilitate investment by others, where the market is failing to provide businesses and communities with access to finance. We have capitalised the **Scottish Investment Bank's** Loan Fund with a total investment of £50 million, including £20 million of Structural Funds, ensuring better access to finance and creating a better environment for business. We have also provided the Energy Saving Trust with initial funding for a **District Heating** Loan Fund, helping communities to replace traditional heating with low carbon and renewable heat.

## **European Structural Funds**

European funds played a critical role in our Economic Recovery Plan which saw us front-load expenditure across a range of projects to support infrastructure development, improve business support and up-skill individuals. European funds will continue to play a pivotal role in the delivery of our key infrastructure projects in Scotland.

Most of the budget for the current programme period (2007-2013) has been allocated, with some 700 projects across Scotland allocated over £600 million, leveraging in over £1 billion of investment over the seven year period to support sustainable economic growth and jobs in Scotland. By 2013, this investment will have secured training and improved skills for 135,000 individuals and delivered 30,000 new jobs for Scotland. We have invested in a number of major infrastructure projects, including:

- Investing £6.6 million to deliver a new Technology and Innovation Centre which will bring together academics, researchers and project managers with leading industry players to find solutions to challenges in key growth sectors; helping Scotland's industries compete on the world stage and further embedding Scotland as a dynamic, knowledge-based economy. This project will create up to 700 jobs and generate up to £100 million for the Scottish economy.
- Investing over £10 million in upgrading of harbour infrastructure to support a bigger and stronger renewables industry in Scotland, this includes £2.5 million for Scrabster and £3.3 million for Hatston – both key sites in our National Renewables Infrastructure Plan.

Our Structural Funds allocation is likely to reduce in the next programme period, which commences in 2014. That makes it even more vital that we make best use of the funding available to support the delivery of key infrastructure projects. We are already working to align the various strands of European funding so that we can provide better, more focussed support across our strategic priorities. Alignment and clarity of purpose will ensure that we can access the new programmes as soon as possible, enabling us to rapidly commit funding, increase uptake and improve outcomes.

## **Hub**

The Scotland-wide hub initiative reflects a national approach to the delivery of new community infrastructure which is expected to be valued at more than £1 billion over the next 10 years. It brings community planning partners, including health boards, local authorities, police, and fire and rescue services together with a private sector development partner to increase joint working and deliver best value through the shared delivery of sustainable community buildings - from small GP practices to large combined community, health and sports centres. Together the public and private sector form a joint venture delivery company ('hubco'). Each hubco will take a strategic, long-term planning approach to infrastructure to support the delivery of community services.

The hub initiative is led by the Scottish Futures Trust on behalf of the Scottish Government. It is being implemented across five geographical territories in Scotland, each with a population of around one million people. The first two pilot areas have been established in the South East of Scotland and in the North of Scotland. Under this joint initiative a supply chain of contractors, designers and consultants of all sizes is created.



A significant part of the NPD pipeline for community health and schools projects will be delivered through hub.

While projects will mostly be new buildings, they can also include refurbishment and asset management services of existing infrastructure. Contractors, designers and consultants interested in working on hub projects can apply to join a supply chain.

#### **Box 2: The Progress of Hub Across Scotland As Of December 2011**

**hub West** covers all of the local authorities, NHS boards, fire and police services across Glasgow and Strathclyde, Renfrewshire, Dunbartonshire and Inverclyde.

Key dates: Procurement launch in February 2011; Private sector development partner appointment expected in March 2012.

**hub North** covers all of the local authorities, NHS boards, fire and police services across Grampian, the Highlands and Islands and Argyll and Bute.

Initial projects include Aberdeen Health Village, Tain Replacement Health Centre, Woodside Medical Group and Forres Health Centre.

Key dates: Hubco formed with Alba Community Partnerships in January 2011.

**hub East Central** covers all of the local authorities, NHS boards, fire and police services across Fife, Tayside, Angus and Forth Valley together with the Scottish Ambulance Service.

Initial projects include Brechin High School, Harris Academy, Angus Dental Facility and Bridge of Earn Health Centre.

Key dates: Procurement launched in September 2010; A preferred bidder has been announced and a private sector development partner appointment is expected by the end of 2011.

**hub South West** covers all of the local authorities, NHS boards, fire and police services across Lanarkshire, Ayrshire and Dumfries and Galloway.

Key dates: Procurement commenced August 2011; Private sector development partner appointment is expected by October 2012.

**hub South East** covers all of the local authorities, NHS boards, fire and police services across Edinburgh, Lothian and the Borders.

Initial projects include Drumbrae Library and Community Hub, Wester Hailes Healthy Living Centre, Craigmillar East Neighbourhood Office and Library, Gullane Surgery and Day Care Centre, and Haddington Infants School and St Mary's Primary School. Construction is underway at Drumbrae, Craigmillar and Haddington and is expected shortly at Wester Hailes and Gullane.

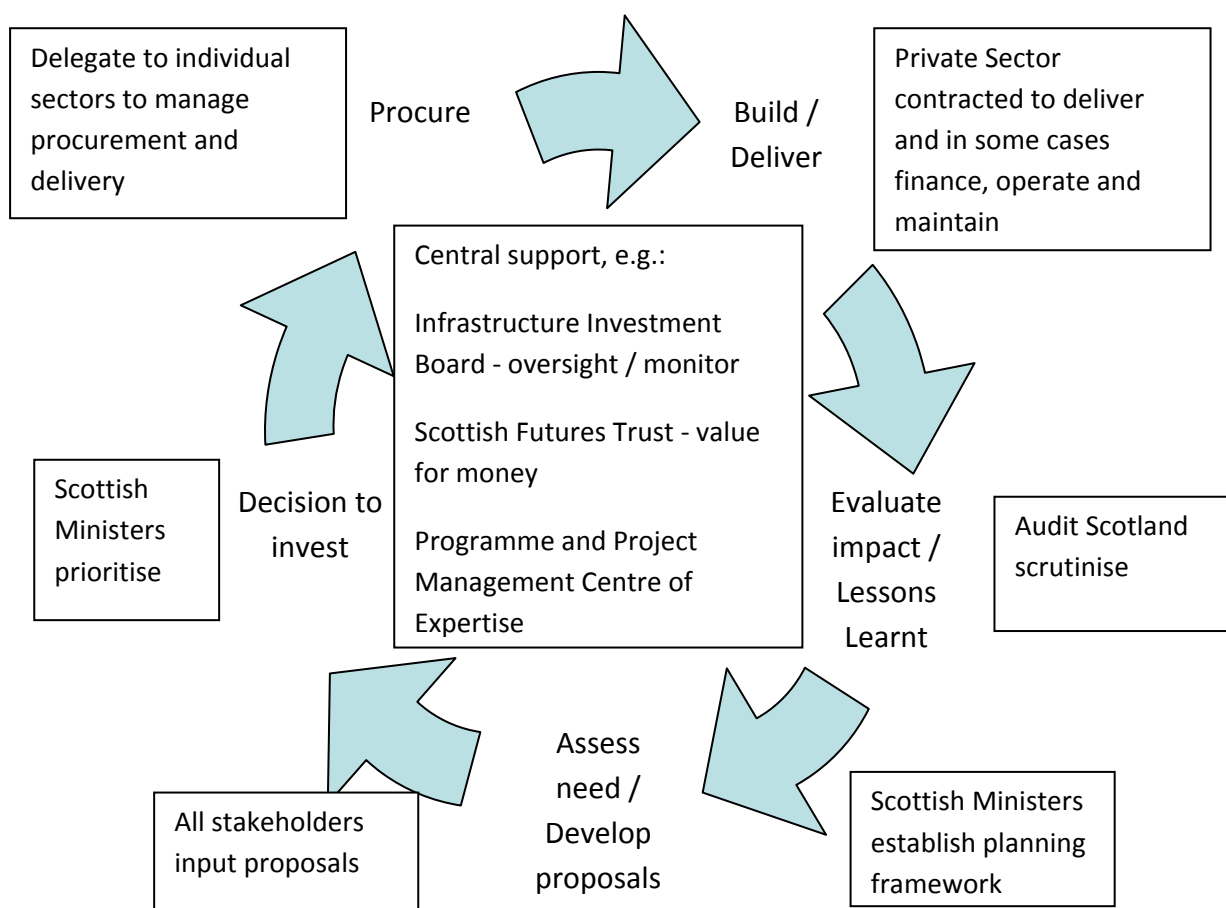
Key dates: Joint Venture formed with the Space Consortium in August 2010.

## 2.2 DELIVERY PARTNERS AND RESPECTIVE ROLES

There are many partners involved in delivering investment within Scotland. We want to ensure that Scottish Government investment is targeted to maximise synergy with other investment within Scotland, whether that is funded by the private sector, local government's prudential borrowing, Westminster departments or the European Investment Bank.

This section considers the roles of different partners within the delivery of programmes and projects. The following illustration indicates the process for investments fully or partly funded by the Scottish Government. The roles are discussed in more detail below, including the collaborative approach taken between the Scottish Government and other organisations to deliver the right investments in the right place at the right time for the best value.

Figure 4: Infrastructure Investment – The Delivery Cycle



## **2.2.1 SCOTTISH GOVERNMENT**

Scottish Ministers decide on the priority given to the range of potential investments in the light of the Government's Purpose. These priorities are articulated through Spending Reviews and Infrastructure Investment Plans. The Cabinet collectively approves the Infrastructure Investment Plan, as well as the Draft Budget and the content of Spending Review plans. The spending allocations within the draft Scottish Budget are scrutinised and approved by the Scottish Parliament.

Delivery of programmes and individual projects is delegated to the appropriate level, and varies between sectors. The responsibility for delivering the projects and programmes receiving funding, rests with accountable officers within the portfolios. The major areas of portfolio spend – Transport Scotland, NHS Scotland, Scottish Funding Council (for higher and further education), Scottish Prison Service and Scottish Enterprise – have dedicated finance functions and robust governance arrangements in place to ensure effective management of their infrastructure expenditure. The sector plans in Chapter 3 give some more detail for each sector.

The Scottish Government has established a Public Procurement Reform Board with representatives from each of the key sectors (central, local government, higher and further education and health). This is chaired by the Cabinet Secretary for Infrastructure and Capital Investment. The Board is tasked with leading change and ensuring that the public sector works collaboratively to deliver improvements and pool resources. The programme aims to improve performance by standardisation and collaboration, including joint procurement, and by building capability of purchasing organisations. There is an emphasis on striking a balance of cost, quality and sustainability.

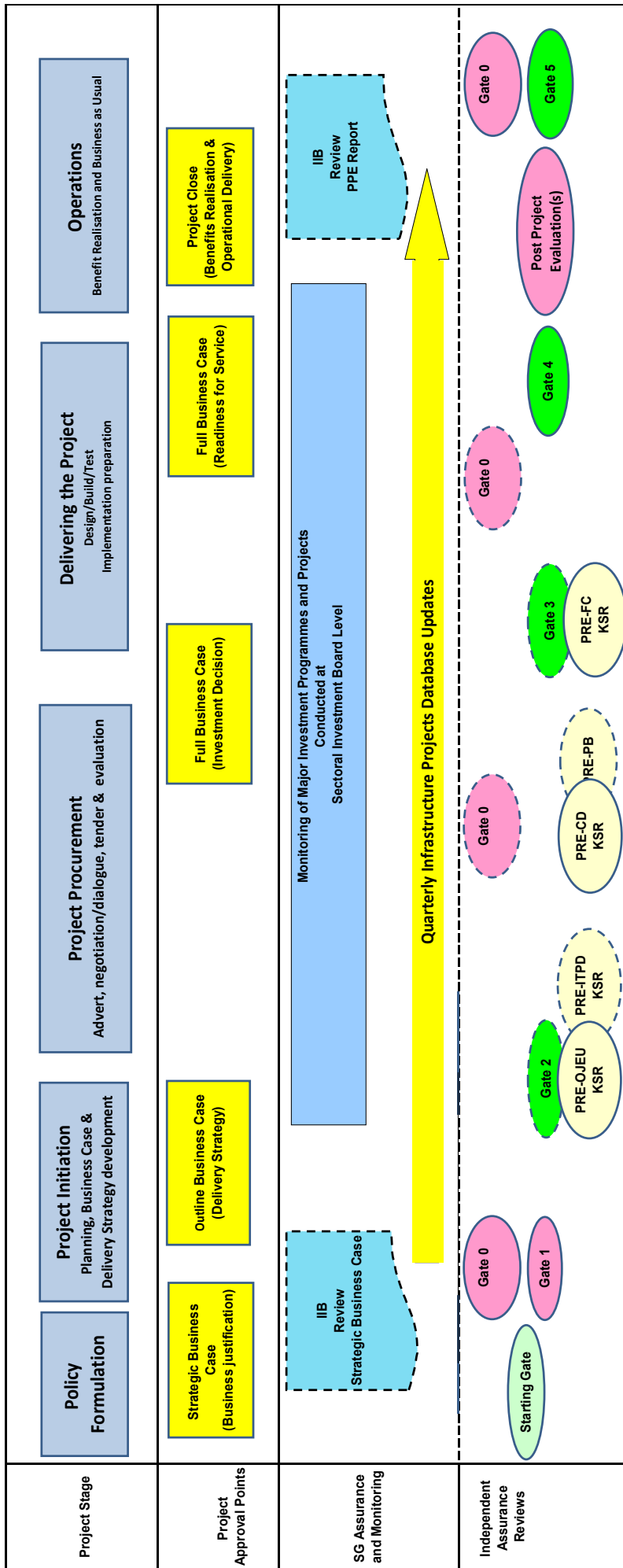
Supporting the Procurement Reform Board are Centres of Procurement Expertise in each key sector. These are tasked with leading improvements in their sector and with working with other sectors to buy collaboratively where this is appropriate and, importantly to share experience and good practice and pool resources.

A central oversight function is performed by the Scottish Government's Infrastructure Investment Board (IIB), a small, senior-level Board, which reviews management and governance arrangements for the whole capital programme and scrutinises investment plans at portfolio and project level. The IIB is chaired by the Director General Finance and comprises the Director General Governance and Communities, the SFT Chief Executive, a Non-Executive Director, and other senior officials from across Government.

The Infrastructure Projects Database, which includes the details of infrastructure projects with a capital value of at least £5 million and for which an Outline Business Case has been prepared, provides IIB with a valuable source of management information. Each project on the Infrastructure Projects Database is assessed to determine its overall complexity and risk potential and the Scottish Government provides independent assurance support to those projects most likely to encounter complex procurement or delivery issues.

An overview of the key project stages and the assurance framework that supports the major Scottish Government investments is shown below. Major projects with complex delivery issues are generally independently assured through the Scottish Government's Gateway Review process. In addition, projects funded through NPD and that are likely to face significant and or complex procurement or financing issues are supported with Key Stage Reviews.

## Assurance Framework for Scottish Government's Major Investments



**Gateway Reviews**

- Gate 0 = Strategic Assessment
- Gate 1 = Business Justification
- Gate 2 = Delivery Strategy
- Gate 3 = Investment Decision
- Gate 4 = Readiness for Service
- Gate 5 = Operations Review and Benefits Realisation

**Key Stage Reviews = KSR**

- Pre Issue of OJEU notice / advert = Pre OJEU
- Pre Invitation to Participate in Dialogue = Pre ITPD
- Pre Close of Dialogue = Pre CD
- Pre Preferred Bidder Appointment = Pre PB
- Pre Financial Close = Pre-FC

## 2.2.2 SCOTTISH FUTURES TRUST

Scottish Futures Trust (SFT) is a company, established by the Scottish Government in 2008, with responsibility to deliver value for money across all public infrastructure investment. SFT operates at arms length from the Government, but works closely with public sector bodies to seek and deliver improved value for taxpayers. The SFT's main workstreams include delivery of the schools programme, the hub programme, the National Housing Trust and Tax Incremental Financing. It is also supporting the delivery of several new waste treatment projects and the programme of new NPD projects, all of which are mentioned separately elsewhere in this report.

SFT's Statement of Benefits<sup>7</sup> reports how it delivered net benefits and savings of £240 million over its first full two years of operations. It is committed to delivering at least £7 of benefits for every £1 of cost of the organisation. SFT's progress was recognised in the Independent Budget Review in July 2010 with a call for SFT's role to be enhanced. Following this, in its 2011-12 Budget the Scottish Government asked SFT to support a £2.5 billion programme of additional investment, using the Non-Profit Distributing financing method, to pilot a new property and estate management approach and to develop improved ways of managing risk and contingency in projects. These, together with generating savings from operational PPP contracts, are the priority areas for SFT in 2011-12.

SFT's role in relation to infrastructure projects varies depending on the sector and can be that of :

- direct delivery (such as for hub and the National Housing Trust);
- combined role of support to a project and as guardian of SG project funding (such as for the projects within the NPD programme);
- role of purely support to a project (such as a number of local authority waste treatment projects); or
- role of project validation (through the performance of key stage reviews such as for the Forth Replacement Crossing).

The establishment of a separate body, independent from government, with responsibility for infrastructure delivery is in line with best practice from around the world. Two good examples are Infrastructure Ontario in Canada and Infrastructure Australia.

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<sup>7</sup> [http://www.scottishfuturestrust.org.uk/publications/benefits\\_](http://www.scottishfuturestrust.org.uk/publications/benefits_)

### **2.2.3 ENTERPRISE AGENCIES**

Both Scottish Enterprise's (SE) and Highlands and Islands Enterprise's (HIE) investment in infrastructure is targeted towards creating a business environment that is truly world class and which helps Scotland's growth companies and key sectors to grow faster. Their focus is on projects of national or regional importance which offer long-term returns for the Scottish economy. For example, a major priority for infrastructure investment will be the renewables sector.

### **2.2.4 LOCAL AUTHORITIES**

Around one third of the Scottish Government's capital budget is allocated directly to local government. Councils supplement this through borrowing, asset sales and other income. In view of the constraints in public finances over the coming years, there is increasingly a need for close cooperation between central government and local government on strategic investment priorities. The schools programme is a lead example, with projects prioritised at national level, funded jointly by central and local government, standard metrics set for the size and price of new schools and delivery supported by SFT.

Local authorities are also acting collaboratively on the delivery of new waste treatment infrastructure and as part of the hub programme to deliver new community buildings (including schools). Details of this work are set out elsewhere in this document.

#### **Box 3: Central and local government partnerships**

There are a number of important reasons why collaboration between different public sector bodies is being pursued and in some cases should be further developed in delivering infrastructure. Many of these are associated with making savings and therefore delivering more infrastructure from the limited capital and revenue budgets available.

**Buying Power** - by consolidating smaller projects together, greater buying power can be achieved. Larger projects or a structured programme of projects will attract greater private sector interest and therefore generally lead to keener pricing. This is particularly the case at a time of greater availability of capacity within the construction sector given weaknesses in the commercial property sector and elsewhere.

**Sharing of Expertise** - the procurement of infrastructure projects requires key organisational and commercial skills. These skills are not always available to individual public sector bodies and therefore a collaborative approach to procurement can at times bring these skills to bear.

**Optimise the Scope of Projects** – projects that on an individual authority basis may be sub scale and inefficient can be improved through grouping together the

requirements of different bodies (see waste below). Shared use of a building between public bodies or user departments within one body can also lead to overall reductions in running costs and / or benefits to users of the building as more than one purpose can be fulfilled 'under one roof'.

Reduced Procurement Costs – the fixed costs associated with project procurement, especially revenue funded projects (such as professional advisory costs and bank arrangement fees) can be significant in relation to small projects. Therefore by grouping projects together, some of these fixed costs can be shared.

Reduced Building Maintenance and Rental Costs – by working together, public sector bodies can make better use of existing buildings and in so doing release space in other buildings for sale, or lease.

#### **Box 4: Collaboration case study - Waste Treatment**

Significant investment in new waste treatment facilities is required across Scotland during the next decade, as greater levels of waste are diverted from landfill. The nature of these plant is such that, in most cases, it is more economic to share facilities across a number of local authorities. The minimum efficient scale of both food waste and residual waste treatment plants are such that plant based upon the requirements of most individual authorities are not economic, unless combined with a significant volume of commercial waste treatment. Therefore, assuming that suitable sites can be found close to each authority's centre of population (to minimise transport costs), the joint procurement of waste treatment infrastructure between local authorities will generally provide an overall lower cost of provision of these services.

Co-ordination between public sector waste treatment infrastructure plans and those of the private sector is also important in order that the delivery of waste treatment infrastructure is optimised. There is a substantial level of commercial waste collection and treatment (from the catering and construction industry for example). If there is good visibility of public sector plans and their timing, the private sector can make better decisions as to the specification, timing and geographic position of new plants.

Sir John Arbuthnott was commissioned by eight local authorities in the West of Scotland in March 2009 to lead an independent review of joint working and shared services – the **Clyde Valley Review**<sup>8</sup>. One of the suggestions of the resulting report was that the authorities considered an integrated waste management approach.

Following this review, a number of the local authorities are exploring the potential for the joint delivery of waste treatment and disposal (forming the Clyde Valley Strategic Waste Initiative). The procurement of a joint residual waste treatment plant is therefore being considered.

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<sup>8</sup> <http://www.northlanarkshire.gov.uk/CHttpHandler.ashx?id=3175&p=0>



## **2.2.5 PRIVATE SECTOR**

In certain key infrastructure sectors investment is carried out by private sector bodies which carry out services based upon a regulated return against a regulatory asset base representing the historic investment in assets in a particular sector. This is the case for key areas of Scottish infrastructure such as electricity and gas distribution and fixed line telecommunications. More detail on investment in the specific sectors and how the Scottish Government works with the private sector is provided in Chapter 3.

## **2.2.6 UK GOVERNMENT**

To ensure that economic infrastructure delivers maximum benefits, it is important to ensure close coordination with what is happening in the rest of the United Kingdom. As has been indicated elsewhere in the report, the Scottish Government is working closely with the UK Government and regulators in sectors of infrastructure where there is a shared responsibility between the Scottish and UK Governments. Areas in particular where there is a shared interest are in electricity and gas transmission, and electricity generation including renewable and fixed line telecommunications.

The UK Government has published its investment plans for economic infrastructure over the coming Spending Review period in an updated National Infrastructure Plan 2011. We will continue to work with the UK Government to maximise the synergy of investment plans, particularly in terms of cross border investments, such as High Speed Rail, and reserved areas, such as investment in energy and digital infrastructure, where we seek to ensure Scotland receives a fair share of any UK or GB-wide investment.

We welcome the recent announcement by the UK Government that it intends to follow the Scottish Government's strategy of attracting pension funds to finance infrastructure projects across the UK. SFT will continue to work with Infrastructure UK to improve the estimation of project costs and sharing of best practice on use of optimism bias, risk management and contingency costs.

## **2.3 PLANNING AND PLACE**

Recent reforms have ensured that the planning system is equipped to support sustainable economic development. Scottish Ministers have responsibility for establishing the National Planning Framework which is the strategy for the long-term development of Scotland's towns, cities and rural areas and provides the spatial policy context within which investment decisions are made. The second National Planning Framework (NPF2) sets clear priorities for the improvement of strategic infrastructure and identifies locational priorities for regeneration activity. It

recognises the importance of our cities as key drivers of the economy as well as the need to support sustainable growth in the rural economy.

The single, shorter Scottish Planning Policy (SPP), published in February 2010, makes Government expectations clearer and easier to understand. It sets out that the planning system should be outcome focussed, supporting the creation of high quality, accessible and sustainable places, through new development, regeneration and the protection and enhancement of environmental assets.

Strategic Development Plans give direction on development priorities for the City Regions of Edinburgh, Glasgow, Aberdeen and Dundee. They provide the framework for Local Development Plans which indicate where development, including regeneration, should and should not happen within the city, and provide guidance on the quality of development that is required.

Residential and commercial development requires supporting infrastructure to: service the development; ensure quality of place; and to provide transport connectivity which can secure economic opportunities for residents and attract inward commercial investment.

We are taking forward a programme of work to ensure that planning assists in the delivery of development, as follows:

- **Reform of the planning system:** substantial changes were made to planning legislation in 2009, modernising the way the planning system operates. We now have a system which: expects the main debates about future development to be had at the earliest possible stages; requires strategic and local development plans to be updated every five years, on a streamlined process; takes a more proportionate approach to handling planning applications, ensuring decisions are made at an appropriate level; and has a more efficient appeals process which avoids some of the lengthy and expensive inquiries of the past.
- **Planning Obligations:** We have revised and updated guidance on the use of planning obligations related to the provision of infrastructure. Planning circular 1/2010 emphasises the importance of early identification of infrastructure requirements and ensuring contributions sought are reasonable and proportionate to the development.
- **National Planning Framework:** The Scottish Government has started work on the NPF2 Monitoring Report as part of its commitment to keeping the Framework under review. This will be published in 2012 and will monitor the progress made in implementing NPF2. In doing so it will also consider the key drivers of change and emerging issues to inform future revision of the Framework.

Specifically to unlock development, we are working on the following areas:

- **Development charges:** Research was published (June 2011) into the potential of development charges in Scotland. A development charge is a means of phasing infrastructure payments. It requires infrastructure to be first front funded, for example, by the public sector drawing on Prudential borrowing. This

investment would then be repaid, by developers, in phases. In short, it would allow developers to “pay as they sell” units of built space, rather than “paying before they start”. Additional research has also been undertaken by the Scottish Government into Canada’s approach to development charges. Work is currently underway to determine potential delivery models.

- **Innovative models of funding infrastructure** : The Scottish Government co-funded, with Fife council, a research study into Fife’s infrastructure needs and innovative ways of phasing and funding these. The findings from this research will be published by the end of 2011.
- **Infrastructure for stalled sites:** The Scottish Government is continuing to work with the public and private sector to investigate sites which have stalled specifically due to infrastructure need.
- **Compulsory purchase** : The Scottish Government is working across the public, private and third sectors to improve the compulsory purchase process. In October 2011 we published new guidance to promote good practice and help authorities make the best use of their compulsory purchase powers. We also published an easy to read guide for people affected by compulsory purchase. Having received a crystal mark from the Plain English Campaign, it explains how the process works, what rights people have and who they can go to for advice. Internally, the Scottish Government is making its procedures for considering compulsory purchase orders more efficient.

# Chapter 3: **What We Will Invest In**



### 3. WHAT WE WILL INVEST IN

Having considered in general terms why investment in our infrastructure is important to support sustainable economic growth, and how we finance and deliver such investment, this chapter provides more detail on investment in different sectors of the economy. The chapter is split into two parts: economic infrastructure – the assets and networks that support the movement of goods, people, information, energy, waste and water around our economy; and social infrastructure – the assets that support our health, education, housing and regeneration, justice, sports and cultural services.

For each sector, we provide information on the specific objectives for investment in that sector and set out progress made since the 2008 Infrastructure Investment Plan. We also provide sector plans for the next 10 to 20 years, more detail on the specific delivery partners and structures within that sector, and the approach to asset management. For devolved sectors, the Scottish Government may take lead responsibility for investment or work in partnership with others, such as local government and health authorities; for reserved sectors, the Scottish Government's role is to influence the investment decisions of private utilities and the UK Government policy and regulatory framework that guides these decisions.

Annex B summarises the pipeline of larger, strategic investments across all these sectors with more detail provided on individual projects in Annex C. The text here provides the context for these individual projects.

#### 3.1 ECONOMIC INFRASTRUCTURE

The development of Scotland's economic infrastructure<sup>9</sup> is hugely important in promoting sustainable economic growth. The creation and maintenance of strong networks supports and facilitates private sector investment both from domestic businesses and inward investment. It is therefore imperative that appropriate investment in this area continues despite the cuts to the Scottish Government Capital budget.

An efficient transport system in particular is a key enabler for enhancing productivity and hence expanding the economic potential of the country. We shall therefore focus over the period of this Plan on improving connections across, within and to / from Scotland. See section 3.1.1 below on transport.

A top priority of the Government for this Parliamentary term is also to substantially improve the digital infrastructure of Scotland. Next generation broadband will support future innovation in the digital economy and ensure Scotland's businesses remain competitive in the global digital environment. As set out in *Scotland's Digital Future: A Strategy for Scotland*, we are committed to bringing availability of next

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<sup>9</sup> We define economic infrastructure to be the capital assets in the networks required in the effective conveyance of people, vehicles, information, energy, water and waste.

generation broadband connectivity to all citizens by 2020. See section 3.1.2 below on digital investment.

Managing the transition to a low carbon economy is one of the six Strategic Priorities identified in the *Government Economic Strategy*. This reflects the opportunity for further public and private sector investment in Scotland, to position our economy as a world leader in low carbon activities and renewable energy. Investment in sustainable transport, green homes and waste infrastructure will also be crucial to ensuring a transition to a low carbon economy.

This section on economic infrastructure also includes investment plans within water and sewerage infrastructure as well as investment to assist Scotland's journey to achieve a Zero Waste Society. Substantial investment over the period 2010 to 2015 is being carried out by Scottish Water to reduce leakage levels, improve the quality of drinking water in Edinburgh and upgrade Glasgow's drainage and sewerage network. See section 3.1.4. Significant investment is being made and planned by local authorities to treat the increasing volumes of waste that are being diverted from landfill. Section 3.1.5 gives further details of the plans in this area.

### 3.1.1 TRANSPORT

#### Objectives and purpose of investment

Investment in Scotland's transport is a key enabler for enhancing productivity and delivering sustainable growth: we all use transport, or rely upon it for the movements of goods, services and people, as part of our daily lives. Transport directly supports the Government's Purpose and an effective transport infrastructure is critical to delivering most of the Government's Performance Indicators. Transport investment is across all modes, on roads, railways, buses, ferries, inland waterways and air services. The National Transport Strategy sets out three Key Strategic Outcomes (KSO) for transport:

- **Improving journey times and connections**, to tackle congestion and the lack of integration and communications in transport that impact on the potential for continued and economic growth;
- **Reducing emissions**, to tackle the issue of climate change, air quality and health improvement; and
- **Improving quality, accessibility and affordability**, to give people a choice of public transport, where availability means better quality transport services and value for money or an alternative to the car.

Prioritising investment to deliver these objectives is supported by a hierarchy of maintaining and safely operating the assets we already have, making the best use of those networks and finally by targeted improvements. This hierarchy directly supports our public services reform agenda and climate change obligations.

#### Progress since 2008

Transport Scotland continues to deliver the three KSO on the strategic road and rail networks through the work of the four Operating Companies for the Trunk Road, and through Network Rail and First ScotRail for the rail network. For other modes and networks, this delivery has taken the form of the Road Equivalent Tariff pilot on ferry routes to the Western Isles, Coll and Tiree, a new contract for the Gourock - Dunoon ferry service, continuation of the Air Discount Scheme, and the Concessionary Fares scheme for everyone over 60 on buses across Scotland. These all require the infrastructure they use to be maintained and safely operated.

Our rail network is benefiting through investment in a fleet of 38 Class 380 trains, allowing a cascade of rolling stock across the network whilst bringing cleaner electric traction to more of the network. Improvements to our railways include upgrading the signalling and trackwork on the Paisley Corridor, the reopening of the Stirling – Alloa – Kincardine railway and the reinstatement of the line between Airdrie and Bathgate as well as the reopening of Laurencekirk Station.

Our work on the Low-Carbon economy, and promoting sustainable travel choices has proved effective in contributing to our challenging climate change obligations, and will continue to be developed further. We have invested in our ferry services

with the purchase of the new MV Finlaggan on the Islay route and are currently constructing the first new hybrid ferries to operate in Scotland.

We have completed targeted improvements to the trunk road including the completion of the M74 in the south of Glasgow, the upgrading of the A80 to motorway standard along its length and improvements to the A77 and A75 on our strategic links with the Northern Ireland ferry ports. A total of 19 major roads schemes have been completed, with a further three under construction. Improvements have been completed on the A830, removing the last section of single track with passing places stretch on the trunk road network, as well as bypasses of Fochabers (A96) and Dalkeith (A68). Targeted investment has also been provided to complete the Clackmannanshire Bridge.

## **Sector plans**

The Transport sector plan is closely aligned to the investment hierarchy, with a considerable part of Transport Scotland's budget being directed to maintain and safely operate the existing networks, whilst seeking to make a real contribution to Climate Change targets. By 2020 we aim to have our transport networks well maintained, with their capacity optimised, and with a clear investment plan for improvements where these go beyond maintenance or optimisation in line with the recommendations of the Strategic Transport Projects Review (STPR).

Maintaining and safely operating our trunk road and rail networks, as well as implementing our strategic road safety plans requires some £400 million every year. This provides for essential services including ensuring the networks are available throughout the winter, and addresses the most urgent maintenance of the trunk road. The trunk road network is some 3,405km long, and the rail network some 2,759km, of which 24% is electrified. The increasing backlog of structural maintenance and bridge maintenance schemes would require an additional £713 million to clear. This is unlikely to be available in the short to medium term. Schemes to maintain and safely operate the road network include upgrading the A82 and route action programmes where there is a higher than average accident rate.

The diverse geography of Scotland means a critical part of our maintenance of the existing networks is to continue to provide opportunities for everyone to access transport. This includes ensuring that ferries are able to operate, that airports remain open and that lifeline services and connections for remote and rural communities are maintained. Beyond investing in the right infrastructure this requires continuing investment in schemes including roll out of the Road Equivalent Tariff scheme as the basis for ferry fares, the Air Discount Scheme, Bus Service Operators Grant, the evolution of the Concessionary fares scheme, contracts for ferry operation as well as the ScotRail franchise. Transport Scotland are also working with Strathclyde Partnership for Transport (SPT) on their proposals to modernise Glasgow's subway, a system that carries some 13 million passengers every year. We continue to work with SPT and Glasgow City Council on the finalisation of their Fastlink proposals.

Making better use of our networks is critical to addressing the climate change targets we face. The best evidence suggests that the demand for travel will increase by 2020; linked to the underlying growth of the Scottish economy of around 2% per



annum. This is likely to result in a 15-20% growth in vehicle kilometres by 2020. There is little evidence of a sustained downturn in the demand to travel, with the result that pressure on networks in urban centres will increase, with congestion at peak periods. Demand for rail travel has grown some 24% since 2004, and is set to continue. Initiatives to promote emissions reduction from transport include the development of electric vehicle charging infrastructure; promotion of active travel and smarter measures to encourage more people to make more sustainable travel choices; and support for freight modal shift from road to rail and water.

A phased completion of the electrification of the rail network across Scotland will begin with the work on the EGIP, providing most of the central belt with electric traction. This will allow the opportunity of choosing the electricity supplier who makes the greatest contribution to renewable energy. Such thinking paves the way for investment in High Speed Rail, and we will continue to press for this to come to Scotland at the earliest opportunity. This also means we need to plan for the situation where our grand terminal stations are at capacity, the situation at Glasgow Central Station is such that adding more services will become impossible due to the number of platforms: either additional capacity is provided in the station (for example at the Low-Level station), or new infrastructure is needed.

On the roads we plan to invest in technology to assist the optimisation of the network through providing clear and helpful information. The recently published application for smartphones allows users to access information from Traffic Scotland wherever they need it. This is in addition to a programme of managed motorways, including ramp metering, active signage and measures like the bus hard-shoulder running being implemented during construction of the Forth Replacement Crossing.

We will invest in new roads to target additional infrastructure where this addresses key challenges, including the Aberdeen Western Peripheral Route, dualling of Balmedie to Tippetty, and completion of the M8 between Newhouse and Ballieston. This is why we have invested in the Forth Replacement Crossing, maintaining this vital link where the existing crossing is suffering corrosion and loss of strength. In addition to the bypasses identified within STPR to deal with particular congestion or environmental issues, including Nairn and Maybole, a number of smaller schemes will be taken forward. Securing the consents necessary to allow the upgrading of the A9 between Perth and Inverness to dual carriageway standard by 2025 is a major programme in itself. Following this with the upgrading to dual carriageway of the A96 between Inverness and Aberdeen will provide a long term pipeline for design and construction skills securing many jobs in our vital construction sector.

Railway investment needs planning on a long term basis due to the regulated aspects of the network. Infrastructure investment is required to bring about journey time reductions through updated signalling, additional passing loops on single lines and upgrading the rail alignment. Such measures are already bringing benefits on the Paisley Corridor allowing more efficient use of that corridor. Similar plans are being developed with Network Rail for the corridors between Aberdeen and Inverness, the Highland Main Line and between Aberdeen and the Central Belt. This is in addition the Borders Railway between Tweedbank and Edinburgh.

Rail in Scotland has been a success story over recent years, but reports such as the Rail Value for Money study led by Sir Roy McNulty and the Office of Rail

Regulation's work on international benchmarking present compelling evidence that more can be done to deliver a lower cost railway and maximise the value for money that passengers, freight users and the taxpayer can expect from rail services. To achieve this, change is undoubtedly needed. The emerging consensus is that a more joined up approach to delivering services, with key decision making taken locally, is the best way to ensure that rail services become more efficient and more attuned to local needs. Network Rail has already responded to this through its decentralisation strategy. Network Rail and First ScotRail are working in partnership to explore ways in which they can take a more joined up approach to managing the rail infrastructure and delivering Scottish services. The Scottish Government supports the Scottish rail industry as it takes forward an evolutionary approach to operating in a much more cohesive way, working in partnership for the benefit of passengers and freight users.

Transport Scotland sponsors British Waterways' activities in Scotland. Our canals are Scheduled Ancient Monuments, and have seen considerable regeneration over the past 10-15 years. They are not only transport assets but also contribute a wide range of priorities, including housing, regeneration, water management and drainage, "Active Nation" and tourism. We will continue to build on the benefits and value that these assets can bring to Scotland.

### **Delivery partners and structures**

The very nature of transport networks requires working with partners. Transport Scotland is an active member of the Scottish Government's Key Agencies Group promoting earlier engagement between Developers, Planning Authorities and bodies including Transport Scotland, SNH, SEPA, Historic Scotland and Scottish Water. This has had real benefits in delivering planning reform outlined in the 2006 Planning Act, and sets the agenda for improved land use and transport integration.

The backdrop of reducing capital expenditure means other models for delivering schemes and measures have been explored. The appointment of contractors to construct the Forth Replacement Crossing funded from Transport Scotland's capital budget leaves little room for additional capital expenditure. This means looking at financing models such as the Non-Profit Distributing model for projects including Aberdeen Western Peripheral Route / Balmedie to Tipperty and M8 improvements and continued use of the Network Rail Regulatory Asset Base (RAB) for rail infrastructure projects such as EGIP. We continue to work with local and regional transport bodies to the delivery of the 2014 Glasgow Commonwealth Games.

We have strong contractual relationships to deliver schemes, including with our four Operating Companies for the trunk road network. These contracts will shortly be retendered, and with the support of the Performance Audit Group, set clear performance targets. This is felt most strongly in times when the network is under greatest stress, and the major efforts during the winters of 2009-10 and 2010-11 ably demonstrate the ability of all involved. Our relationship with Network Rail in Scotland and First ScotRail are prescribed by industry processes, but they have offered opportunities for cost savings and better relationships to be developed through hard work by all parties. This is also the case with our other contracts for concessionary fares, ferries and the myriad of other ways that transport affects our daily lives.

## Asset management

The Scottish trunk road network has an estimated value of over £16 billion making it the highest value single asset for which Scottish Ministers are responsible. Audit Scotland highlighted the increasing pressure on expenditure, with 32% less being spent in 2009-10 than in 2004-5, and a reduction from 84% to 78% in the amount of trunk road in acceptable condition. Transport Scotland's Road Asset Management Plan (RAMP)<sup>10</sup> seeks to identify and prioritise spending in the highest risk areas. Advances made since the publication of the first RAMP in 2007 include defining Asset Management Objectives linked to Corporate Objectives and supported by quantifiable Performance Measures. There is clear articulation of the lifecycle activities to deliver the performance targets; and a financial plan to deliver them.

Transport Scotland actively engages in national and international best practice working groups and has close ties with other national roads administrations. Over the past two years this has helped Transport Scotland realise around £5 million of resource releasing benefits. Further savings will be sought through a collaborative IT asset system procurement with the Welsh Government.

Rail infrastructure in Scotland is largely owned and operated by Network Rail with the current Regulatory Asset Base (RAB) for Scotland alone currently valued at £3.7 billion. Network Rail published their first asset management strategy in February 2011 and has put in place a systematic programme of work to support its implementation. Scottish Ministers set the outputs and priorities that they wish the rail industry to deliver on behalf of Scottish rail passengers and freight users through the High Level Output Specification (HLOS). The current HLOS covers the period 2009-2014, with the HLOS for the period 2014-2019 to be published in July 2012. Effective asset management by Network Rail ensures planning, delivering and making available an infrastructure that supports the current and future timetable safely, efficiently and sustainably. The new contract for passenger services and periodic review of Network Rail in 2014 is an opportunity for the rail industry to reach its full potential.

Working with Caledonian Maritime Assets Ltd, independent harbour trusts and the ferry operators, Transport Scotland are providing efficient, cost-effective and safe ferries, harbours and port infrastructure for operators, communities and users that support Scotland's lifeline ferry services.

Highland and Islands Airports Limited (HIAL) is a public corporation wholly owned by the Scottish Ministers which operates and manages 11 Airports which are vital to the social and economic welfare of the areas they serve. HIAL's strategic plan informs its three year corporate plan and a one year operating plan.

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<sup>10</sup> Transport Scotland's Road Asset Management Policies, Objectives, Manual and Plan align with current best practice for the management of civil infrastructure set out in the British Standards Institution's *Publicly Available Specification (PAS) 55-1: Asset Management* and the Institute of Asset Management's *International Infrastructure Management Manual*.

### **3.1.2 DIGITAL**

#### **Objectives and purpose of investment**

Delivering the ambition for next generation broadband to all by 2020, with significant progress by 2015, as set out in Scotland's Digital Future: A Strategy for Scotland<sup>11</sup> is one of the Government's top priorities. As part of the Spending Review, we announced on 21 September 2011, that we will establish a Next Generation Digital Fund to accelerate the roll-out of next generation broadband to all parts of rural Scotland over the next five years. The fund will seek to optimise public sector investment in broadband infrastructure and leverage maximum levels of private sector investment to improve broadband coverage in Scotland.

Availability of next generation broadband connectivity is critical to Scotland's future. It will enable delivery of the future generation of digital public services, health and social care (e.g. telehealth). Digital public services will provide services which are easier, quicker and more convenient for people to use, and at a lower cost than other methods. This will bring about public sector efficiencies and savings. Broadband must also be considered in the context of the wider reform of public services.

These sentiments were reflected in the McClelland review, with the key recommendations that: network contracts should be aggregated to build a single Scottish public sector network, to be used by every public sector organisation, university and college; and that combined spend should be leveraged to gain cost and performance advantages, whilst also delivering benefits to remote and rural areas.

Such connectivity will support future innovation in the digital economy and ensure Scotland's business base can remain competitive in the global digital environment. It will help the transition to a low carbon economy – allowing people to travel less and work from home. It will also play a critical role in driving rural economic growth and competitiveness, creating more and better jobs and opening up new opportunities for different ways of living and working that encourage strong and growing rural towns and villages and respects and protects our environment.

Scotland has some of the most challenging and rural geography and public sector action will be required to facilitate and extend the roll out of next generation broadband across the whole of Scotland to ensure that rural and remote communities are not left behind.

#### **Progress since 2008**

##### ***Current Generation Broadband***

Basic broadband (defined as 512 kbps) availability in Scotland is now over 99% - a figure comparable with UK coverage levels. This is following completion of the

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<sup>11</sup> <http://www.scotland.gov.uk/Publications/2011/03/04162416/0>

Broadband Reach Project in 2010 (£3 million between 2008 and 2010) which provided over 2,400 broadband connections using satellite and wireless. This is a major increase from only 43% availability in 2001, when Scotland lagged behind the UK level of 63%.

In partnership with BT, over 2010-11, we have secured upgrades to 81 rural telephone exchanges across Scotland for improved broadband connectivity.

### **Next Generation Broadband**

Current and planned market investment is likely to see access to speeds of 40Mbps and upwards delivered to over 50% of the UK population by 2012<sup>12</sup> and 65% by 2015<sup>13</sup>. Although the level of coverage expected in Scotland to 2020 is not yet fully understood, parts of Scotland are already benefitting. BT has so far announced 42 locations, mainly in the central belt, which will benefit from its 'Superfast Broadband' service.

In October 2010, we secured the Highlands and Islands region as one of the first pilot areas of the UK to benefit from a share of £530 million UK Government funding for broadband. This project will deliver next generation broadband to around 50 towns and communities geographically spread across the Highlands and Islands. The project entered procurement in June 2011 and delivery of connectivity improvements is expected to begin within 12-18 months. In November we announced an award of £5 million to help kick-start a South of Scotland Alliance (SOSA)<sup>14</sup> project which aims to deliver Next Generation broadband across the region by 2020.

These initial allocations form part of the £144.3 million funding available for next generation broadband infrastructure over this Spending Review period, which comprises:

- £50 million Next Generation Digital Fund over the term of this Parliament to support the delivery of our 2015 ambition;
- £25.5 million of EU funding; and
- £68.8 million from BDUK.

We will also seek other public sector contributions; to leverage in private sector contributions; and will explore other EU funding post 2013, such as the new proposed EU Connecting Europe Facility.

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<sup>12</sup> Department of Business, Innovation and Skills (2009), *Digital Britain Impact Assessment Report*, p38.

<sup>13</sup> <http://www.btplc.com/News/Articles/Showarticle.cfm?ArticleID=4C5AFFB0-EB60-4171-B43F-FFBA68646870>

<sup>14</sup> SoSA is a strategic partnership of Scottish Enterprise, Scottish Borders and Dumfries and Galloway Councils. The South of Scotland Next Generation Broadband Project has additional partners in NHS Borders, NHS Dumfries & Galloway and the Scottish Government.

### ***Public Sector Broadband Infrastructure***

There has already been significant investment in high-speed broadband across the public sector in Scotland with the Pathfinder, Interconnect and JANET networks. The Scottish Government is investing £90 million in Pathfinder alone (over the period 2007-08 to 2013-14).

Pathfinder North and Pathfinder South Projects provide high speed broadband to nearly 1,200 schools and other public sector sites across five local authorities in the Highlands and Islands, and across two local authorities in the South of Scotland. Furthermore, through Pathfinder South, we have contributed almost £240,000 to a next generation broadband pilot project in Annan that seeks to widen out access to the Pathfinder network for the benefit of business and communities.

The Scottish Government recently published an evaluation of Pathfinder<sup>15</sup>. The findings show that public sector sites now have significantly higher quality bandwidth, and that the aggregated procurement approach has resulted in a reliable service. In terms of public sector delivery, there is a general consensus that Pathfinder has enabled the delivery of strategic initiatives. For example, in the case of education service delivery, the roll-out of Glow across school sites in rural areas has relied on the connection speeds provided through Pathfinder.

Going forward the Scottish Government will ensure that the impacts of public sector investment in networks and services are maximised so as to deliver benefits across the wider community, particularly in rural areas. This will be considered as part of our next generation broadband action plan.

### ***Next Generation Broadband Action Plan***

Moving Scotland to a position where we are keeping pace with international comparators is a top priority for Scottish Ministers. The Scottish Government, working closely with other key stakeholders, is currently developing a next generation broadband action plan. The plan will consider the current connectivity infrastructure in Scotland, including information on the mix of potential technologies. The plan will consider the different financing options and models and will identify the actions required to optimise the £144.3 million funding up to 2016 and to maximise private sector investment, including considering demand stimulation and public sector aggregation to help meet the 2020 target.

We are determined that the approach we take will deliver the best outcomes for Scotland in the most cost effective manner, learning from the experience of others to ensure that we do this once and do it right. The private sector has an important role to play in this, and we will find new ways of working effectively together to achieve the shared benefits of a digital age.

We will announce further details of our approach in January, and publish a detailed plan with funding proposals before the end of March 2012.

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<sup>15</sup> Scottish Government (2011), "Pathfinder Evaluation Study – Final Report":

<http://www.scotland.gov.uk/Publications/2011/02/23091038>

Between now and the end of March 2012, we will investigate different roll-out options (including technical specifications, financing and procurement models) and consult with a range of industry and public sector stakeholders on those options to ensure we bring forward the right delivery solution for Scotland.

### **Delivery partners and structures**

The total cost of rolling-out next generation broadband across Scotland is not yet known, however, it is understood that it will cost at least several hundred millions. Achieving our ambition in this area will require committed and co-ordinated action across the public and private sectors to reach our shared goal of a connected country while ensuring that everyone receives a fair and equitable return on investment. In this spirit we will embark on a process of engagement with industry, with the wider public sector and with other interested parties, including those representing the interests of consumers, in the coming weeks and months.

We have established a project team with the specialist skills and expertise to develop the action plan. This team will report to a Next Generation Broadband Programme Board drawn from senior civil servants across the Scottish Government and will be overseen by the Digital Strategy Portfolio Board and the Cabinet Sub-Committee on Digital.

Given the significant and unique challenges we face in delivering next generation broadband, particularly across rural Scotland we will continue to press the case for an increase in Scotland's share of the BDUK funding allocation with the Department for Culture, Media and Sport. We will also work closely with Ofcom as we continue to develop our plan.

In order to achieve the greatest impact from the investment, we will assess the potential for innovative procurement and financing models, and other sources of investment such as the European Investment Bank. We will also explore how to achieve greater alignment with the deployment of broadband infrastructure with other policy and infrastructure investments which may provide greater efficiencies and reduce overall costs e.g. installing fibre at the same time as roads are dug up for maintenance or repair, or at the same time as energy infrastructure is being deployed.

### **Asset management**

Asset management needs to be explored further and will depend on the delivery and procurement approach taken. Further consideration will be given during the development of the strategic national broadband plan.

### 3.1.3 ENERGY

#### Objectives and purpose of investment

The Scottish Government facilitates and sets the appropriate policy framework for spending on energy infrastructure in Scotland, and provides financial support activity on our key priorities of renewables, energy efficiency, climate change and the low carbon economy. This spending complements the investment in economic development and social aspects of energy by programmes such as the Enterprise agencies, housing and regeneration and European structural funds.

The investment will support key actions to deliver on Scotland's world leading Climate Change targets, set out in statute in the Climate Change (Scotland) Act 2009<sup>16</sup>. Implementation of our approach to energy is set out in our Renewables Action Plan<sup>17</sup>, the Energy Efficiency Action Plan<sup>18</sup>, the Renewable Heat Action Plan<sup>19</sup>, the Carbon Capture and Storage Routemap<sup>20</sup> and the Low Carbon Economic Strategy<sup>21</sup> published in 2010. In particular, we aim to support the delivery of key high level government targets which underpin the transition to a low carbon economy:

- 42% reduction in Greenhouse Gas emissions by 2020, and an 80% reduction by 2050
- 100% electricity demand equivalent from renewables by 2020, up from 80%;
- 11% heat demand from renewables by 2020;
- A reduction in Scottish final energy use by 12% by 2020;
- a new target of at least 30% overall energy demand from renewables by 2020; and
- a new target of 500 MW community and locally-owned renewable energy by 2020.

#### Progress since 2008

##### *Energy Efficiency*

Since 2007, the Scottish Government has invested around £30 million to support householders and small businesses with a range of energy efficiency and microgeneration advice, grants and loans; including the Energy Saving Scotland small business loans through which the Scottish Government invested over £2.4

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<sup>16</sup> <http://scotland.gov.uk/Topics/Environment/climatechange/scotlands-action/climatechangeact>

<sup>17</sup> <http://scotland.gov.uk/Publications/2009/07/06095830/0>

<sup>18</sup> <http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Action/energy-efficiency-policy/ActionPlan>

<sup>19</sup> <http://www.scotland.gov.uk/Publications/2009/11/04154534/0>

<sup>20</sup> <http://scotland.gov.uk/Publications/2010/03/18094835/0>

<sup>21</sup> <http://www.scotland.gov.uk/Publications/2010/11/15085756/0>



million through more than 80 interest-free loans during 2010-11 to small and medium enterprises for renewable energy technologies or energy efficiency measures

The Scottish Government has invested around £5 million annually since 2007-08 to help business and the public sector to reduce carbon emissions and improve business efficiency, resulting in approximately 250 ktCO<sub>2</sub> implemented carbon savings annually and £30 million savings on energy bills annually.

## **Sector Plans**

### ***Low Carbon Technology***

In order to catalyse and accelerate Knowledge Exchange activity between academia and SMEs, increasing innovation, and advancing the development of the low carbon technologies, the Scottish Government will invest £900,000 to co-fund the development of Energy Technology Partnership's (ETP) Knowledge Exchange Network over the next 3 years (2011-12 to 2013-14). Other co-funders are ERDF, Scottish Funding Council, Scottish Enterprise and ETP Member Universities.

Scottish Government has invested £1.6 million ERDF funding for the Edinburgh Centre on Climate Change, a collaboration of Edinburgh's universities to develop a national skills and innovation hub to support the low carbon economy. The centre will lead to an estimated 80 new jobs and a £167 million boost to the Scottish economy.

The Aberdeen-based Scottish European Green Energy Centre (SEGEC), which the Scottish Government supports, delivered over 100 million euro of investment in Scotland in its first year and is supporting major Scottish projects in marine energy and grid development.

### ***Renewable Heat***

The Scottish Government is determined to promote the most efficient use of heat in order to reap the benefits of a low carbon economy – non renewable as well as renewable. Ultimately this allows us to make the transition to a decarbonised heat network – our vision for 2050.

District heating has now been placed at the centre of our strategy for deploying heat, including renewable heat. Financial support is essential to stimulate the market and de-risk the investment in renewable heat projects which is why this year, we made available the £2.5 million District Heating Loan Scheme that is supporting both low carbon and renewable technologies in order to overcome a range of infrastructural issues and costs associated with these projects. We are committed to establishing an Expert Commission on the delivery of district heating that will advise on the steps we need to take to ensure a major move to district heating in Scotland. The Spending Review included additional funding for District Heating of £5 million over the Spending Review period. Meantime, there is established national planning policy which gives clear policy support for renewable heat, decentralised energy production and supply, and encourages heat mapping. We are also engaging with key bodies, including DECC and Ofgem to develop a template for good practice on deployment of renewable heat, which can include market measures as well as planning.

## ***Electricity Generation***

The transition to a low carbon economy requires significant investment by both the public and private sector, and is also an exciting opportunity for a major new export industry for Scotland. The development of this new industry requires the right incentives to remain in place for the development of new renewables technology in wave and tidal power and the investment in new plant installation for more developed renewables technology; major upgrades to the transmission grid and significant improvements to the port infrastructure (being taken forward as part of the National Renewables Infrastructure Plan<sup>22</sup>). The Scottish Government has set a target of 100% of Scotland's electricity needs to be generated from renewable sources by 2020.

The Scottish Government's position on the role of renewable electricity and the continuing contribution of thermal generation was set out in our Draft Electricity Policy Statement 2010<sup>23</sup>; the 2011 Electricity Generation Statement will be published in December 2011.

## ***Renewable Electricity Generation***

The Scottish Government has welcomed the UK Government's agreement to release the Fossil Fuel Levy (FFL) surplus on 11 November 2011. The announcement recognises the strength and logic of the arguments advanced by the Scottish Government for over 5 years.

The FFL is money raised in Scotland to support the development of the Scottish renewables industry. It is currently worth £207 million. The Westminster Government has agreed to increase the Scottish Government's DEL cover by £103 million in 2012-13. The other half of the surplus is being made available to the UK government towards the capitalisation of the Green Investment Bank.

This will mean that the Scottish Government and its agencies can double planned spending on renewables in 2012-13. Scottish Government had already stepped into the gap caused by the protracted struggle to gain access to the funds, and had prioritised renewables in our recent Spending Review – with proposals to provide over £200 million on renewables over the next 3 years. Access to a further £100 million under the FFL next year will provide an additional boost to this commitment – allowing us both to scale up existing proposals and to consider new opportunities to support the sector, with long term benefits.

Scotland is well placed to benefit from direct investment in our renewables infrastructure, and to create a longer term legacy. Opportunities for investment of the additional funding are being considered, and are likely to cover a range of investments, from technology support, infrastructure support, securing vital public and private sector investment in manufacturing and servicing capability. In addition there will be new scope to maximise the benefits of renewables to the people of

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<sup>22</sup> <http://www.scottish-enterprise.presscentre.com/Press-releases/Industry-report-identifies-Scotland-s-key-locations-for-offshore-wind-suppliers-1c7.aspx>

<sup>23</sup> <http://scotland.gov.uk/Publications/2010/11/17094217/0>

Scotland through additional support for community and locally-owned schemes and investment in skills and training.

The Scottish Government has agreed to allocate an additional £103 million from the FFL funds towards the capitalisation of the Green Investment Bank, which is expected to be established in 2013-14. Given Scotland's renewable resource and industry development, Scotland would, in any case, expect to see a significant proportion of investments by the Green Investment Bank in projects in Scotland.

In addition to a range of support for renewable electricity generation in Scotland, the Scottish Government influences the setting and delivery of energy policy, due to input into the planning system, providing consents for electricity generation and transmission infrastructure, in setting environmental policy and in setting the levels of Renewables Obligation Certificates (ROCs) in Scotland. We are seeking to ensure that proposed changes to the incentive framework for renewable energy by the UK Government maintains, and indeed enhances, the momentum on the increase in renewable electricity in Scotland.

The Department of Energy and Climate Change proposed in July 2011 electricity market reform, in a White Paper entitled *Planning our Electric Future : a White Paper for secure affordable and low carbon electricity*<sup>24</sup>. This paper announced some significant changes to the contracting regime for renewable energy generation. Under the proposals, on 31<sup>st</sup> March 2017, Renewables Obligations will close to new accreditations and be replaced by new long term contracts (Feed in Tariffs with Contract for Difference – FiT CfD). In the interim period, electricity generators will have a one off choice between the old regime and the new regime. The current regime does not provide a guaranteed minimum level of revenue for renewable generators, as this depends on the level of supply available to electricity suppliers relative to the percentage supply of renewable energy that they are committed to fulfil. The new proposals suggest a carbon price floor<sup>25</sup> to give a stronger long term incentive for renewable energy investment. The government expect the legislation to reach the statute book by Spring 2013. The specific details of the FiT CfD have yet to be published and the Scottish Government are working closely with DECC in the development of this area. SG welcomes the principle of a carbon price floor as a necessary and useful element of the EMR proposals, as this should provide increased certainty over the long term price for carbon and improve the relative economics of renewable generation and hence aid the transition to a future of low carbon generation<sup>26</sup>.

Since 2007 the Scottish Government has been able to set a separate level of ROC support for renewable activity in Scotland. A higher level of ROC support has been set for wave and tidal stream generation relative to the rest of the UK. This has played a material role in helping a number of device and technology developers to secure investment from utility and engineering companies. While activity in the main is still focused on R&D and prototype proving at Scotland's world class marine test

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<sup>24</sup> [http://www.decc.gov.uk/en/content/cms/legislation/white\\_papers/emr\\_wp\\_2011/emr\\_wp\\_2011.aspx](http://www.decc.gov.uk/en/content/cms/legislation/white_papers/emr_wp_2011/emr_wp_2011.aspx)

<sup>25</sup> [http://www.hm-treasury.gov.uk/d/carbon\\_price\\_floor\\_consultation\\_govt\\_response.pdf](http://www.hm-treasury.gov.uk/d/carbon_price_floor_consultation_govt_response.pdf)

<sup>26</sup> The Scottish Government has published a response to the White Paper: <http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Infrastructure/Grid-Connections/EMR-consultation-UK/statement>

centre on Orkney (EMEC), commercial leases for projects amounting to 1600 MW of capacity have been awarded to wave and tidal projects in the Pentland Firth and Orkney waters. The availability of and signal concerning a long term market and sufficient returns for these projects via the Scottish RO has been a key feature of their success and the demand that has surrounded them. A consultation regarding changes to the current ROC bands and support levels is taking place this autumn, with the changes arising from that process due to take effect from April 2013. In addition the Scottish Government discussing with DECC the importance of retaining appropriate incentives for wave and tidal generation beyond 2017.

### ***Offshore Wind***

With 25% of Europe's offshore wind potential, the development of offshore wind in Scotland is an exciting opportunity both for Scotland's economy and climate change agenda. The Scottish Government's vision for developing offshore wind up to, and beyond, 2020 is set out in "Blue Seas – Green Energy, A Sectoral Marine Plan for Offshore Wind Energy in Scottish Territorial Waters"<sup>27</sup>. This Plan allows for the development of 6 short-term offshore wind sites in Scottish Territorial Waters, totalling 5.6GW, to be progressed. The Plan also sets out the Government's ambitions for offshore wind in the medium term with a commitment of scoping out a further 25 zones for further offshore wind development. Publication of "Scotland's Marine Atlas, Information for the National Marine Plan"<sup>28</sup> which assessed the condition of Scotland's Seas for the first time and will inform such scoping exercises for all offshore renewable developments in Scotland's seas in the future.

### ***Carbon Capture and Storage***

Alongside the accelerated expansion of renewables, the electricity mix must benefit from clean fossil fuel technologies. Scotland can lead the way on Clean Coal (and Gas) Technology, and in Carbon Capture and Storage. We are clear on the need for a clean baseload using technology to reduce carbon emissions while continuing to utilise the renewable resources we have. The National Planning Framework 2 outlines the importance of clean coal and CCS in achieving this.

Carbon capture and storage and clean coal technologies have the potential to transform the way we generate power and make an important contribution to Scotland's low carbon future. Research indicates that CCS has the potential to reduce CO2 emissions by up to 90% from conventional fossil fuelled power stations. Without CCS, overall costs to halve emissions by 2050 rise by 70% (IEA CCS Roadmap).

Scotland is well-placed to take a lead in its development and commercialisation. We have the knowledge and expertise in our universities and industry, the infrastructure in the North Sea, and the strong leadership in government necessary to make this happen and achieve our ambition of a low carbon energy economy.

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<sup>27</sup> <http://www.scotland.gov.uk/Publications/2011/03/17170331/0>

<sup>28</sup> <http://www.scotland.gov.uk/Publications/2011/03/16182005/0>

We are deeply disappointed with the UK Government's decision not to fund the CCS project at Longannet. This is an enormous lost opportunity for both Scotland and the UK to become World leaders in development and deployment of CCS technology.

Peterhead is now a contender for Stage 2 of the UK CCS competition now that it has been opened up to gas fired power stations. The announcement on 9<sup>th</sup> November 2011 by Shell and SSE to work together in partnership to accelerate their planning and designs for CCS at Peterhead Power station is greatly welcomed and places Peterhead, and Scotland in a very promising position going forward.

By 2030 fitting full CCS to either upgraded or replacement thermal plant and maintaining a minimum thermal electricity capacity of above 2.5GW would satisfy security of supply concerns and would be consistent with a long term path towards decarbonisation. Scotland wants to lead the world in CCS development. The Scottish Government will do everything we can to turn Scotland's great CCS potential into reality.

### ***Energy grid Infrastructure***

Scotland's high voltage electricity network infrastructure is owned by Scottish Power and SSE in their respective areas; the high pressure gas transmission network in Great Britain is owned by National Grid and the low pressure gas distribution network infrastructure in Scotland is owned by Scotia Gas Networks.

Much of the substantial renewable generation capability is from the outlying hills and coast of Scotland. Therefore investment in additional renewable energy capacity also requires supporting investment in the grid to bring electricity into the centres of population.

The high voltage transmission network in Scotland is owned in the north by Scottish Hydro Electric Transmission Limited (SHETL), a subsidiary of SSE, and in the south by Scottish Power Transmission Limited (SPTL), a subsidiary of Scottish Power. The Transmission Network Owners (TNOs) are regulated by Ofgem and regulatory policy is set by the Department of Energy and Climate Change. SG engages with SHETL, SPTL, National Grid (in both of its roles as TNO for England and Wales, and as the National Electricity Transmission System Operator for Great Britain) and Ofgem on future network development and planning. The National Planning Framework 2<sup>29</sup> also sets out a range of grid upgrade and reinforcement projects of national importance across Scotland that SHETL and SPTL are now progressing.

National Grid Electricity Transmission plc published on 31<sup>st</sup> May 2011 the latest National Electricity Transmission System 7 Year Statement<sup>30</sup>, which included planned upgrades to the grid in Scotland. The most significant part of this is the upgrade to the Beaulay to Denny link from the existing 132kV double circuit tower line to a new 400kV double circuit line<sup>31</sup>. Other key upgrades in grid capacity being considered are:

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<sup>29</sup> <http://www.scotland.gov.uk/Publications/2009/07/02105627/0>

<sup>30</sup> <http://www.nationalgrid.com/uk/Electricity/SYS/current/>

<sup>31</sup> Scottish Ministers gave approval for the upgrade of this link in January 2010, subject to SPTL preparing proposals to mitigate the visual impact of the overhead transmission lines in the Stirling area. These proposals are expected shortly.

- A sub sea link between Caithness and the Moray coast, with an aim to provide economic connection options for generation on Shetland and the offshore windfarms in the Moray Firth.
- A multi terminal Eastern sub sea link between Peterhead (Aberdeenshire), Torness (East Lothian) and the north of England. SHETL, SPT and National Grid are carrying out pre-construction design and engineering for this facility.
- A Western sub sea link between Hunterston (North Ayrshire) and Deeside (Welsh English border near Chester)

Much more detail on planned investments in the Scottish TNOs' networks can be found in SHETL's<sup>32</sup> and SPTL's<sup>33</sup> business plans for the next price control period of 2013-2021. These have been designed in compliance with Ofgem's new RIIO investment model<sup>34</sup>, which rewards innovative practices by the TNOs and encourages a great deal of stakeholder engagement.

SG will continue to work closely with all the bodies mentioned above to ensure that these upgrades are delivered as appropriate to support the development of new renewable electricity generating capacity in Scotland.

Scotia Gas Networks owns and is responsible for the low pressure gas distribution network in Scotland. Its business plan for the price control period 2013-2021 will soon be published on the relevant part of the Ofgem website<sup>35</sup>.

### ***Oil and Gas***

In February 2011, Oil and Gas UK published the results of their '**Activity Survey 2011 Report**': <http://www.oilandgasuk.co.uk/publications/index.cfm>

This survey is based on the latest data supplied by leading exploration and production companies operating in the UK.. The outlook for future years is promising in terms of total reserves estimated at 11.6 billion boe, this is up 1.3 billion boe compared with 2010. The potential for new fields development is promising with a possible 67 new field developments reported.

Levels of capital investment in the UK Continental Shelf (UKCS) are also promising. In October 2011 BP announced their intention to proceed with a new £4.5 billion oil project west of the Shetland Islands. This announcement along with the plans BP and its partners revealed earlier this year for a £3 billion redevelopment of the Schiehallion and Loyal fields, their plans to invest £700 million in the development of the Kinnoull field in the central North Sea, and investment of £550 million in the North Sea's Devenick gas field brings together a programme of almost £10 billion investment in North Sea oil and gas work over the next five years.

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<sup>32</sup> <http://www.ssepd.co.uk/Projects/TransmissionPriceControlReview>

<sup>33</sup> [http://www.spenergynetworks.com/publicinformation/stakeholder\\_home.asp](http://www.spenergynetworks.com/publicinformation/stakeholder_home.asp)

<sup>34</sup> <http://www.ofgem.gov.uk/Networks/Trans/PriceControls/RIIO-T1/Pages/RIIO-T1.aspx>

<sup>35</sup> <http://www.ofgem.gov.uk/Networks/GasDistr/RIIO-GD1/Pages/RIIO-GD1.aspx>

Currently sanctioned investment plans are reported to accrue to investment of up to £22 billion over the next five years and if the current rates of investment continue this is reported to have the potential to rise to £40 billion over the five year period.

Longer term investment over the next decade and beyond is reported to have the potential to reach investment levels of £70 billion in the UK Continental Shelf.

Business confidence was shaken however following the UK Government Budget announcement in March proposing new taxes on North Sea oil and gas production. Following this announcement the **Survey of Activity for 2011 was re-run**<sup>36</sup> and published in May to take account of the impact of this change. The survey reported that although sanctioned projects will go ahead in the main, there will be longer term risk to future investment.

### ***Improvements to Supporting Infrastructure***

SG recognise that improvement in key port and landside infrastructure is crucial to the development of the renewable industry. The National Renewables Infrastructure Plan Stage 2 report published in July 2010 highlighted that £223 million investment could support an offshore wind sector manufacturing 750 complete offshore wind units per year. This could create in the region of 5,180 manufacturing jobs and an annual economic impact of £295 million per year<sup>37</sup>. The National Renewables Infrastructure Fund (N-RIF) will provide:

- £70 million fund to strengthen ports and manufacturing facilities for offshore wind turbines and related components and leverage private sector investment.
- SE and HIE will invest in projects that can demonstrate clear market interest, and make funding available on the basis of funding need and likely impact of the investment on the development of a Scottish based manufacturing supply chain for the offshore wind sector.

### **Delivery Partners and Structures**

The Scottish Government works with numerous bodies in the delivery of its priorities for renewables and energy efficiency. As is set out above, we work closely with the Department of Energy and Climate Change and Ofgem in promoting renewable energy. Other key partners are Scottish Enterprise in relation to low carbon technology and Local Authorities with regard to the reduction of carbon emissions.

### **Asset management**

The ownership of assets in this sector largely belong to the private sector and therefore asset management is not a responsibility of the Scottish Government.

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<sup>36</sup> <http://www.oilandgasuk.co.uk/publications/index.cfm>

<sup>37</sup> <http://www.scottish-enterprise.presscentre.com/Press-releases/Industry-report-identifies-Scotland-s-key-locations-for-offshore-wind-suppliers-1c7.aspx>

### **3.1.4 WATER**

#### **Objectives and purpose of investment**

Investment in Scotland's water and sewerage infrastructure is designed to provide better and more efficient public water and sewerage services that enhance our quality of life, support sustainable economic growth and assure those that fund and rely on them that their public services are responsive, provide value for money and are continually improving.

The improvements are expressed as the Ministerial Objectives and cover the length of a regulatory period – now five years. These are developed through the Quality & Standards process which facilitates better business planning and secures cost-effective compliance with longer term legislative requirements. The investment objectives for the period 2010-15 are published on the Scottish Government website<sup>38</sup> and broadly these seek to:

- Support economic growth by providing additional capacity for new developments;
- Help people to sustain and improve their health by improving the quality of drinking water; and
- Enhance Scotland's natural environment and the sustainable use and enjoyment of it.

The Scottish Government is working with its partners in the water industry to define objectives for the next two regulatory periods 2015-25.

#### **Progress since 2008**

In the last regulatory period, 2006-10, significant improvements were made. Some £2.45 billion was invested in the water and sewerage infrastructure. Key achievements include:

- A 76% improvement in the standards of service provided to customers. Service levels are now comparable to those in England and Wales
- 400 million litres of water a day were saved through leakage measures – enough to supply half of Scotland's households each day.
- Additional capacity was made available to serve new developments.
- 69% of Scotland's population benefited from improvements to drinking water
- Significant improvements were made to the environment as a result of investment in wastewater treatment works and combined sewer overflows.

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<sup>38</sup> See: <http://www.scotland.gov.uk/Topics/Business-Industry/waterindustryscot/latest-news/swdirections>



Further information on the achievements are available in a report<sup>39</sup> published by the Output Monitoring group which monitors the delivery of the improvements required by Ministers. The independent economic regulator, the Water Industry Commission for Scotland, has also published a report<sup>40</sup> on Scottish Water's performance during the period 2006-10. This confirms that during the period Scottish Water delivered the required savings of £1.5 billion. In addition, it provided further efficiencies and additional benefits to the value of £175 million. The additional benefits are estimated to equate to around £12 per household per year.

Since 2010, Scottish Water has started to deliver the improvements required for the period 2010-15. A monitoring report published by the Output Monitoring Group summarises the progress made in first year. This shows that Scottish Water has made good progress and that the capital programme is marginally ahead of the position agreed with Ministers in its Business Plan.

## Sector plans

Ministers have directed Scottish Water to deliver a defined set of improvements in the period 2010-15. The directions<sup>41</sup> specify the required improvements to services and are underpinned by a list of projects (also known as a Technical Expression<sup>42</sup>). This list specifies the assets and locations at which Scottish Water's regulators require improvements to be made. The list has been agreed with the key industry stakeholders, including SEPA and the Drinking Water Quality Regulator, and is published on the Scottish Government web-site.

During the 2010-15 regulatory period, Scottish Water is taking forward thousands of projects – some small, others large and complex. Priority areas for investment include:

- **Metropolitan Glasgow Strategic Drainage Partnership**<sup>43</sup> – this is a partnership between Scottish Water, Local Authorities, Scottish Enterprise and SEPA that will upgrade and modernise the Glasgow's drainage and sewerage network, reduce flooding and support urban development requirements while improving water quality and the environment. Improving Glasgow's drainage and sewerage network could take some 25 years to deliver. So far, investment has resulted in the removal of some 500 properties from the "at risk" flood register.

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<sup>39</sup> See: <http://www.scotland.gov.uk/Topics/Business-Industry/waterindustryscot/SWI/Q/EditMode/on/ForceUpdate/on> .

<sup>40</sup> See: <http://www.scotland.gov.uk/Topics/Business-Industry/waterindustryscot/publications/OMGreportQ4>

<sup>41</sup> See: <http://www.scotland.gov.uk/Topics/Business-Industry/waterindustryscot/improvingservices/currentimprovement> .

<sup>42</sup> See: <http://www.scotland.gov.uk/Topics/Business-Industry/waterindustryscot/improvingservices/currentimprovement/technicalexpression> .

<sup>43</sup> Further information can be found at: <http://www.mgsdp.org/>

- **Reducing Leakage** – Scottish Water is required to achieve the Economic Level of Leakage<sup>44</sup> by 2014. This means that Scottish Water will have reduced leakage from 1,104MI/day in 2005-06 to below 600 MI/day in 2014. It is estimated that reducing leakage by 200 MI/day – enough to supply one-quarter of Scotland’s households – could save 10,000 tonnes of carbon dioxide per year<sup>45</sup>.
- **Improving Drinking Water** – The £130 million project at Glencorse is nearing completion and will facilitate the city’s continued expansion and improve the quality of drinking water in Edinburgh. The delivery and operation of this works has used many new technologies to ensure that a sustainable long term solution is delivered for customers. These include a green roof - the largest in Scotland; hydro turbines to harness “green” energy - this will provide one-third of the plant’s electricity needs; a novel on-site pipe manufacturing plant that saved many thousands of lorry journeys; and innovative design of buildings to ensure that these blend with the existing countryside.
- **Improving the environment** – A major project is underway in Ayrshire to protect coastal waters and rivers. This project involves the installation of a new storm water network – including new storm water pumping stations and storage tanks - from Kilmarnock and Irvine to the Waste Water Treatment Works at Meadowhead. Work should be completed in late 2013.
- **Improving services for rural communities** – Construction has begun on a £7.2 million project for a new drinking water plant at Loch Maree to serve the rural communities Poolewe, Inverasdale and Gairloch.

In addition to monitoring the delivery of the current programme, the Government is leading a project to identify the investment needs for the period 2015-25 (two regulatory periods). It will identify, in advance of the next regulatory period, the investment requirements for the period 2015-20 in detail and those for the following five years in outline. The report from the Output Monitoring Group identified a number of lessons that it had learnt about how to optimise the effective and efficient delivery of investment. In particular it noted that efficiency is improved if:

- The size of the investment programme, in Scottish Water’s case is limited to no more than £500 million per year;
- The programme of work is specified and agreed prior to the start of a regulatory period;
- Peaks and troughs in investment are avoided as these cause uncertainties and additional costs for the construction industry which can impact on efficient delivery; and

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<sup>44</sup> The point at which it becomes more costly to repair a leak than the cost of producing and supplying the water lost from the network.

<sup>45</sup> Further details on SW’s plans to meet climate change targets are available at:  
[http://www.scottishwater.co.uk/portal/page/portal/SWE\\_PGP\\_NEWS/SWE\\_PGE\\_NEWS/INFO\\_CLIM\\_CHANGE](http://www.scottishwater.co.uk/portal/page/portal/SWE_PGP_NEWS/SWE_PGE_NEWS/INFO_CLIM_CHANGE)

- The basis for monitoring delivery is clear and agreed.

In addition, the Output Monitoring Group identified that:

- The sign-off by regulators of projects delivered by Scottish Water is key to reassuring customer that improvements have been delivered; and
- Going forward, innovation in the industry is required to adapt to, and mitigate, the effects of climate change.

These lessons will be taken into account when setting the investment priorities for 2015-25. The future investment programme will continue to concentrate on:

- Enabling economic growth by ensuring that there is sufficient capacity to accommodate new developments;
- Meeting the requirements of legislation on drinking water quality and the environment;
- Improving standards of services; and
- Ensuring Scottish Water is able to carry forward a programme of measures to adapt to, and minimise, climate change.

The Government will be engaging with stakeholders on investment priorities for 2015-25 in early 2012. Details of the arrangements will be sent to stakeholders and made available on the Government's website in Autumn 2011.

### **Delivery partners and structures**

Scottish Water is a public corporation – accountable to Scottish Ministers and through them to the Scottish Parliament. It is mainly regulated by three independent regulators:

- The Water Industry Commission for Scotland – is the economic regulator and is responsible for determining customer charges necessary to deliver Ministers' Objectives at the lowest overall reasonable cost.
- Drinking Water Quality Regulator – is responsible for ensuring that Scottish Water complies with drinking water quality regulations.
- Scottish Environment Protection Agency – is responsible for ensuring that Scottish Water complies with environmental legislation.

Scottish Water also works with to Consumer Focus Scotland (CFS) and the Scottish Public Services Ombudsman (SPSO). CFS is responsible for representing customer views whilst SPSO is the final stage for handling complaints about public services in Scotland.

Scottish Water's progress in delivering the improvements specified by Ministers is monitored and reported on by the Output Monitoring Group. This group was

established by Ministers and brings together key water industry stakeholders. Its reports are published on the Scottish Government website<sup>46</sup>.

### **Asset management**

In their Directions to Scottish Water, Ministers specify the levels of customer service that Scottish Water must provide. Scottish Water is expected to manage its assets to deliver the required levels. This means that it must have systems in place to monitor and manage the condition of its assets so that they remain fit for purpose. Scottish Water is free to dispose of assets should these become redundant or no longer able to provide the levels of treatment demanded by legislation. Any sums generated from disposals are reinvested in new infrastructure. All disposals are notified to the Scottish Government and made available to other public sector bodies prior to disposal on the open market.

The Water Industry Commission is currently developing, in association with Scottish Water, a high level measure of Asset Stewardship which will assist the Output Monitoring Group with ensuring that the long term health of the assets is being maintained.

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<sup>46</sup> See: <http://www.scotland.gov.uk/Topics/Business-Industry/waterindustryscot/publications/deliveryprogress>

### **3.1.5 RURAL AFFAIRS AND THE ENVIRONMENT**

#### **Objectives and purpose of investment**

Investment in Scotland's Rural Affairs and Environment portfolio is intended to create a more successful country with opportunities for all of Scotland to flourish through increasing sustainable economic growth. In particular investment is designed so that:

- We realise our full economic potential with more and better employment opportunities for our people
- We value and enjoy our built and natural environment and protect it and enhance it for future generations.
- We reduce the local and global environmental impact of our consumption and production
- Our public services are high quality, continually improving, efficient and responsive to local people's needs.
- We are better educated, more skilled and more successful, renowned for our research and innovation.

In general investment in Rural Affairs and Environment is for a wide range of capital projects, mostly minor in nature through a variety of grant schemes. This infrastructure investment is delivered through a number of bodies and programmes including the Scotland Rural Development Programme, Forestry Commission Scotland and the Rural and Environment Research Programme.

#### **Progress since 2008**

Since 2008 significant progress has been made, as set out below:

- Since the Forestry Commission Scotland's repositioning programme began in 2005 over £50 million of assets have been sold, with the proceeds reinvested in acquiring land for woodland creation and subsequent planting.
- Between 2007 and 2011 at least £157 million has been invested through the Scotland Rural Development Programme (SRDP) as capital grants for Rural Priorities, Land Managers Options, Crofting Counties Agricultural Grants and Food Processing, Cooperation and Marketing.
- The Royal Botanic Garden Edinburgh's £16.7 million John Hope Gateway visitor centre was completed within budget and opened to the public in October 2009.

- The Scottish Agricultural College (SAC) will move in September 2011 into a state of the art campus in Ayr costing £70 million which will be shared with the University of the West of Scotland.
- The Rowett Institute merged with in July 2008 to become the Rowett Institute of Nutrition and Health (RINH), embedded within the College of Life Sciences and Medicine at the University of Aberdeen. The Scottish Government contributed £12 million towards the £40 million cost of a new building for the Institute at Foresterhill which is due to be completed in 2014.
- The construction of the £15 million Fish Veterinary and Aquaria (FVA) facility for Marine Scotland in Aberdeen was completed in 2010 and within budget.

## **Sector plans**

### ***Waste***

Scotland is on a journey to achieve a Zero Waste Society, this is fundamentally about a shift from viewing the waste we generate currently as waste to seeing it as resource. In this context, waste can drive economic activity - whether through recycling and energy recovery or through more efficient use of resources.

In 2009 Scotland produced 17.11 million tonnes of waste, and although progress is being made to reduce waste arisings and to recycle key materials, the resource value of much of Scotland's waste remains untapped: it is estimated that there is over £100 million worth of untapped resources in household waste alone, and this figure is set rise as the value of discarded materials increase.

This shift to treating waste as valued resource will demand a change in infrastructure across Scotland: new reprocessing facilities that can convert recycled materials back into goods and commodities for the domestic or global market; more sophisticated material sorting facilities that ensure that the materials collected from business and households can be converted into valued materials; and facilities to recover value, in the form of heat and electricity, from those materials that can not be recycled.

As part of moving towards a low carbon resilient economy there will need to be more closed-loop use of resources within the Scottish economy. This will mean the development of domestic reprocessing capacity. Scotland has already started on this journey with the development of organics reprocessing capacity - anaerobic digestion facilities that can reprocess food waste to produce energy and a sustainable fertiliser. We will need greater capacity from more sophisticated material sorting facilities (to sort mixed recyclable materials). Through Zero Waste Scotland and the £5 million plastics fund we are also supporting the development of plastics reprocessing sector that could see bottling plants in Scotland using recycled content. There will be opportunities in the future to develop capability to reprocess rare earth metals from waste electronic goods reducing reliance on unstable global supplies.

Households account for approximately 20% of the waste in Scotland, the public sector will therefore help contribute to the significant shift outlined above. While the capital grant scheme to support waste management in the public sector has been

transferred to the local government settlement, the Scottish Government and its agencies continue to provide significant support to key new infrastructure investment in this area, and it has been estimated that £1 billion of investment in infrastructure is required over the next ten years.

The real opportunities for efficiencies exist in supporting development of shared waste services and infrastructure, while ensuring this infrastructure is fit for purpose for the long-term as the make up of the waste Scotland produces changes and overall volumes reduce. As part of helping make this happen, Scottish Futures Trust is working directly with Glasgow City, City of Edinburgh, Midlothian, North Ayrshire, South Ayrshire and East Ayrshire Councils on the development and delivery of their residual and food waste treatment projects. SFT is also supporting the Clyde Valley Strategic Waste Initiative; a major collaboration between several local authorities to explore new ways of delivering future waste treatment and disposal services across the Clyde Valley.

### ***Flood protection, coast protection, land decontamination and air quality monitoring***

Funding for flood protection, coast protection and land decontamination was, like waste, transferred in 2008-09 to the local government capital settlement. Through these arrangements the grants are managed by individual local authorities to meet local needs and priorities. The air quality monitoring budget continues to be managed by the Government, supporting the monitoring of air quality in key locations. This knowledge of scale and nature of air quality issues helps to inform appropriate management of this important issue.

### ***Forestry Commission Scotland***

The Scottish Government is committed to creating up to 10,000 hectares of new woodland each year as part of its climate change programme. The Scotland Rural Development Programme (SRDP) is the main mechanism for achieving this target and is expected to deliver around 9,000 hectares. The remaining 1,000 hectares will be delivered by creating new woodlands using land acquired on the national forest estate or on land leased from farmers. This programme of 'repositioning' is funded by disposal of parts of the national forest estate that are delivering least to the Government's priorities.

The repositioning programme is a useful mechanism to assist in meeting climate change targets and increasing the social and environmental value of the national forest estate. The plan over the next 3 years is to sell £10 million each year and use the funds to acquire and plant bare land, but no commitments have been made to continue this policy beyond the review period.

### ***Other strategic investments include:***

- Funding for assistance for modernising and diversifying farm, forestry and other rural businesses and improving food production and processing capacity through the Scotland Rural Development Programme (SRDP);

- Scottish Environment Protection Agency (SEPA)'s new central facility at Maxim Business Park, North Lanarkshire, which will deliver around £17.6 million of savings over the term of the lease;
- £3.9 million of leverage investment in a new facility for the Campbeltown Creamery to ensure strategic infrastructure for the dairy industry;
- a series of small but essential infrastructure renewals at Royal Botanic Garden Edinburgh to help maintain the estate, at a cost of £1 million per year;
- £2 million to help maintain the estates of our Main Research Providers, in particular at The James Hutton Institute, which will operate on two sites in Dundee and Aberdeen.

### **Delivery partners and delivery structures**

The Scottish Government has a wide range of delivery partners for rural affairs, forestry and the natural environment. These include local authorities, the Scottish Environment Protection Agency, Scottish Natural Heritage, the National Park Authorities, Zero Waste Scotland and Scottish Futures Trust.

### **Asset management**

#### ***Forestry Commission Scotland***

The FCS repositioning programme will continue to target those areas for disposal delivering least in terms of public benefits, whilst the properties acquired will typically have some or all of the following characteristics:

- be capable of producing productive woodlands making a significant contribution to net carbon sequestration and the delivery of the Government's Climate Change Delivery Plan targets.
- be suitable for the creation of new native woodlands contributing to the delivery of native woodland Habitat Action Plans.
- be located near to centres of population and capable of contributing to the delivery of the Woods In and Around Towns (WIAT) initiative.

Our programme of vehicle and machinery replacement is based on whole life costing and we will continue to replace at optimum economic time.

#### ***Scottish Natural Heritage (SNH)***

SNH's capital programme for 2011-12 will continue to prioritise cost savings and carbon reductions. SNH will continue to implement its strategic property review which will result in a number of property disposals over the next three years as well as increasing co-location opportunities.



## 3.2 SOCIAL INFRASTRUCTURE

The development of Scotland's social infrastructure - high quality and efficient assets that accommodate public services – is crucial for creating a more successful country, with opportunities for all of Scotland to flourish.

We are taking decisive action to mitigate the effects of falling capital budgets in all aspects of social infrastructure.

In **Health**, investment will support the delivery of modern, effective and high quality patient care. Our programme of investment focuses on service efficiency, effectiveness and sustainability, and includes:

- £842 million in capital funding to upgrade and expand the capacity for adult and children's hospital care at the South Glasgow Hospitals;
- NPD funding to health projects with a capital value up to £750 million:
- the Royal Sick Children's Hospital and Department of Clinical Neurosciences in Edinburgh;
- revenue support to finance projects through the hub initiative; and
- individual hospital projects, health centres and mental health facilities across Scotland; and
- effective management of NHS assets to ensure that these are safe, fit-for-purpose and efficient.

In **Education**, we shall invest £1.25 billion in capital and NPD funding, together with local authorities, between 2010-11 and 2017-18 to improve the learning environment for Scotland's children by replacing or refurbishing the worst condition schools in Scotland. We will improve the further education estate in Glasgow, Kilmarnock and Inverness, through NPD. Ensuring that all educational establishments are well maintained and have the facilities and capacity to deliver new patterns of provision are ongoing strategic priorities.

In **Housing and Regeneration**, our objectives are to improve the supply, quality and sustainability of Scotland's housing and make places where people want to live, thereby creating vibrant communities and contributing to sustainable economic growth. We shall use new and innovative funding instruments such as the Innovation and Investment Fund for housing, National Housing Trust, JESSICA and Tax Incremental Financing (TIF) to lever in the maximum possible investment from other sources.

Investment in **Justice**, so vital for helping communities to flourish, will support maintenance and improve capacity across our prisons, courts and emergency response estate; contribute, along with other portfolios, to ensuring that Scotland has the resilience to respond to natural, technological or man-made crises; and improve the condition, quality and capability of existing facilities. We will focus on improvements to the prison estate, the multi-agency Crime Campus at Gartcosh, resilience telecommunications and improvements to court facilities.

**Culture and Heritage** investment will contribute to economic regeneration, through the V&A project at Dundee and the success of the 2014 Commonwealth Games, through improved performing arts facilities in Glasgow. The Young Scots Fund will give young Scots an opportunity to realise their potential in sport, enterprise and creativity, whilst Historic Scotland's National Conservation Centre will be a centre of expertise for technical conservation of historic assets.

The Scottish Government's investment in the **Glasgow 2014 Commonwealth Games** is intended to secure the delivery of a successful Games that will showcase Scotland on the international stage, contribute to the economic recovery and leave a meaningful and lasting legacy from which all of Scotland's people can benefit. The Scottish Government will part fund key infrastructure such as the Sir Chris Hoy Velodrome, upgrade of the Tollcross Aquatics Centre and the adaptation of Hampden Park for athletics.

### 3.2.1 HEALTH

#### Objectives and purpose of investment

Investment in NHSScotland infrastructure (whether property, equipment, IT or vehicles, in the form of directly owned NHS estate, facilities operated under revenue funded models or community and primary care premises) supports modern, effective and high quality patient care. It also directly supports the effective diagnosis and treatment of patients.

The effective acquisition, maintenance and disposal of these assets is a fundamental responsibility of management in supporting the efficient delivery of clinical and support services and hence the *NHS Healthcare Quality Strategy* (2010). The Strategy clearly sets out the way in which NHSScotland will work with its partners across the public and third sectors, and with patients, carers and the public. To deliver the highest quality, best value healthcare services for every person in Scotland we need to maximise the existing NHS estate and 'future proof' new developments to allow for service redesign and technological advances.

The settings in which healthcare is being provided are changing, becoming more local, with large acute settings focusing on specialised care. The focus of healthcare strategy is on outcomes, community-based services and the facilitation and support of joint planning and delivery of services, through programmes such as hub. *Better Health, Better Care* (2007) provided the platform for significant steps towards a 'Healthier Scotland' and its three main components of health improvement, tackling health inequality and improving the quality of health care. These have been supported by the use of the HEAT performance management system which sets out the targets and measures against which NHS Boards are publicly monitored and evaluated. These measures include health improvement (H) efficiency (E), access (A) and treatment (T).

Crucially, the infrastructure programme supports the implementation of the three quality ambitions for NHS Healthcare Quality Strategy which are that healthcare will be:

- **patient-centred**, respecting individual needs and values;
- **safe**, ensuring no avoidable injury or harm and an appropriate, clean and safe environment at all times; and
- **effective**, with the most appropriate treatments, interventions, support and services will be provided at the right time to everyone who will benefit.

#### Progress since 2008

Over the Spending Review period 2007-08 to 2010-11, there was a net capital investment of £1.67 billion in the acute, primary and community care estate. This represented a 19.9% increase on the previous three years. Despite significant reductions to the overall Scottish Government capital budget imposed through the

UK Spending Review, spending on Health was 18.7% in 2011-12 as a proportion of total Scottish Government capital spending.

Since 2008, investments have ranged from large acute hospitals to smaller primary care premises, a number of which were funded through the *Primary Care and Community Premises Modernisation Programme*. In all cases projects have been rigorously assessed for value for money and to ensure that they contributed to improvements in the quality of the estate and service delivery. Projects included the following:

- Central Scotland - the £300 million PPP Forth Valley Royal Hospital in Larbert is now operational which continues to receive much press attention for its innovative use of technology including the use of robots to enhance efficiency and reduce healthcare acquired infection.
- Glasgow - £27 million has been invested in modernising and upgrading the maternity accommodation in Glasgow on the site of the Southern General Hospital.
- Lothian - opened in 2010, £29.6 million was spent on the Midlothian Community Hospital which was designed to provide 88 bed accommodation including psychogeriatric care of the elderly and care commission beds. The community flavour of the hospital has been enhanced by inclusion of a number of facilities including the addition of an occupational therapy unit.
- Mid Scotland and Fife - £27 million and £20 million has been invested in St Andrews' Community Hospital and Health Centre and Clackmannanshire's Community Hospital respectively.
- North East Scotland – opened in 2009 the £17.7 million design award-winning Dental School in Aberdeen has capacity to train new 20 dentists per annum.
- West Scotland - £15.7 million and £12.6 million were invested in new primary care facilities at Renfrew's Health Centre and Barrhead's Health Centre respectively.

In terms of energy consumption, the Health Facilities Scotland *Annual Environment Report* has consistently shown the NHS Scotland has a good track record. The 2009-10 report shows the cumulative reduction in energy consumption for the 24 years since 1985-86 is now 44%. In terms of CO2 emissions since 1989-90 there has been a reduction of 41%.

## **Sector plans**

With severe constraints on public capital expected to remain in place for the 2011 Spending Review period and beyond there will be a continuing need to prioritise spend; to work collaboratively with partners through hub in both the procurement of new and management of existing assets; and to test the suitability of new developments for delivery through Non-Profit Distributing (NPD).

Over the next five years it will be necessary to ensure sufficient capital funding is made available:

- for all legally committed projects;
- to maintain the quality of the existing estate;
- to ensure statutory compliance of buildings, plant and equipment (including re-equipping hospitals built over the last ten years using the PFI/PPP model);
- to make contributions towards the costs of development (e.g. feasibility, planning, design), advice (e.g. legal, financial, technical) and enablement (e.g. land purchase or preparatory works) for NPD schemes and towards similar costs for hub-led schemes.
- Beyond the next 5 year period, as the availability of public capital is increasingly restored and the disposal of non-core NHS estate delivers capital receipts for reinvestment in new projects it is anticipated that there will be increasing emphasis placed on the following areas of investment:
  - procuring medical equipment technology that supports the Quality Strategy and in particular reinforces the need to diagnose and treat early stage disease; offer a range of treatments that befits a world class health service and reflects the needs of an ageing population
  - ensuring blueprints for the future at major health campus sites are translated into infrastructure that support healthcare services to achieve more efficient patient pathways
  - promoting major service redesign in community and primary care facilities to reflect changes in treatments, and technology; trends in demographics, epidemiology and access to services as well as making sure the care and services that are being provided are affordable, sustainable and tackle inequalities.
  - promoting the more radical change and reform exemplified in the “Christie Report” – Commission on the Future Delivery of Public Services. The Report declares “a radical change in the design and delivery of public services is necessary, irrespective of the current economic challenges.”

Despite the challenges associated with falling capital budgets over the coming years, the Scottish Government is committed to taking forward projects to increase service efficiency, effectiveness and sustainability in the health sector, including:

- Central Scotland - The £90 million upgrade to the State Hospital at Carstairs due to complete in 2011 reflects developments in patient treatment with a move towards use of the Forensic Network (a multi-agency and multi-disciplinary approach linking the Scottish Prison Service, Social Work Services, Police and Criminal Justice Agencies, Scottish Government and Carers) and medium secure units across Scotland. Ageing buildings will be closed and primary care services brought together in a central location by investing £27 million in the Airdrie Resource Centre due to complete in 2012.

- Glasgow - £842 million is being invested over a six year period commencing 2010 in integrating services at the site of the Southern General Hospital. As well as already providing ground-breaking clinical care, it will provide a single site for a 1,109 bed adult and 256 bed children's hospital integrating maternity, paediatric and acute services on a single campus.
- Highlands and Islands - people in rural communities should be able to stay close to home wherever possible. £14.3 million has been invested in replacing out of date Victorian facilities at Bonar Bridge with a new 22 bed community hospital for elderly care and GP patients. The emphasis has been placed on design for improving clinical effectiveness and reducing the risk of healthcare acquired infection. The inclusion of energy generation from biomass also helps contribute towards government energy efficiency targets.
- Lothian - the £43.6 million being invested in the Royal Victoria Hospital is on course to provide medicine for the elderly, psychiatry for older people, and an adult mental health day unit by 2012.
- Mid Scotland and Fife - £42.9 million of public money is being invested to re-align services across two existing local general hospitals, with Fife's trauma, critical care and specialist inpatient services being centralised at Kirkcaldy's Victoria Hospital which is due to complete in 2011 and further development of facilities at the Queen Margaret Hospital in Dunfermline over the next two - three years.
- North East Scotland - £110 million is being invested in 30,837 square metres of additional internal space over 10 storeys at Aberdeen's Emergency Care Centre at the Foresterhill site and will form the major plank in the modernisation of services and facilities at Foresterhill, consistent with NHS Grampian's vision for the site from 2013 onwards. In a further project to deliver lower carbon outputs and emissions and lower energy revenue costs for the NHS, £16 million is being invested in an innovative energy centre at the Foresterhill site in Aberdeen.
- South Scotland - £27.2 million is being invested in a new 85 bed acute mental health facility in Dumfries & Galloway.

In order to support investment in major hospital developments, the Scottish Government has made available revenue funded through NPD to support construction costs of £750 million. Some of the major projects seeking approval over the next few years through NPD are:

- NHS Ayrshire & Arran – North Ayrshire Community Hospital.
- NHS Dumfries & Galloway – re-provision of services at Dumfries & Galloway Royal Infirmary.
- NHS Lothian – re-provision of services for the Royal Hospital for Sick Children and Department of Clinical Neurosciences in Edinburgh.
- NHS Orkney – re-provision of services at Balfour Hospital in Kirkwall..

- NSS Scottish National Blood Transfusion Service – rationalisation of five properties sited in Edinburgh and Glasgow.

The hub initiative is the key vehicle in health to deliver revenue funded and public capital funded investment in community based facilities. Community projects currently being explored for delivery through the hub initiative include:

- NHS Borders – Galashiels and Lauder Health Centres
- NHS Dumfries and Galloway – Dunscore and Dalbeattie Health Centres
- NHS Fife – Glenwood Health Centre, low secure and west fife mental health projects
- NHS Forth Valley – Stirling Community Hospital
- NHS Greater Glasgow and Clyde – Gorbals Health Centre, Maryhill Health Centre, Clarkston Health Centre and Woodside Health Centre
- NHS Highland – Tain Health Centre
- NHS Grampian – Aberdeen Health Village, Forres Health Centre,
- NHS Lanarkshire – Community Health Centres in East Kilbride (Hunter), Kilsyth and Wishaw
- NHS Lothian – Royal Edinburgh Hospital. Blackburn, Firhill and North West Edinburgh (Muirhouse) Partnership Centres, East Lothian Community Hospital
- NHS Shetland – Scalloway Health Centre
- NHS Tayside – Regional child and adolescent mental health unit, Bridge of Earn Health Centre, Angus Dental Facility.
- NHS Western Isles – St Brendan’s Hospital

## **Delivery partners and structures**

### ***Health Boards***

Health Boards have a distinct role and prescribed statutory duties conferred upon them by the Secretary of State under the *Functions of Health Boards (Scotland) Order 1991*. Specific functions are specified with reference to the provisions of the *National Health Service (Scotland) Act 1978*. Legislation requires that primary day-to-day responsibility for safeguarding NHS property rests with the Chief Executive of the NHSScotland Body. This is a significant responsibility and he/she is answerable to the Accountable Officer for the NHS, its Chief Executive.

Across all NHS Boards five year plans have been produced aligning capital programmes to strategic and service objectives. These are articulated within Local Delivery Plans covering service targets and financial plans (including the capital programme). In line with current policy, the vast majority of capital resources have

been allocated by formula to NHS Boards for them to identify their capital spending requirements and prioritise these in line with available resources. The overall service strategies are supported by Board-wide property strategies.

All projects with a capital investment in excess of the delegated limit for NHS Boards (which range between £1 million and £5 million) are subject to approval of the Scottish Government Health and Social Care Directorate. All capital investment is subject to the guidance and principles set down in the Scottish Capital Investment Manual which is consistent with HM Treasury's Green Book principles.

### ***Scottish Futures Trust***

The Scottish Futures Trust (SFT) is managing the *hub* programme, which is an innovative and collaborative approach to the funding and delivery of community assets on behalf of the Scottish Government. Facilities are delivered by selected private sector partners working in partnership with public sector bodies through joint venture companies across five hub territories covering the whole of Scotland. Investment may be a mix of capital and revenue funding provided by the public and private sectors.

SFT also has a key role in providing a centre of expertise and advice on the development, funding, structuring, procurement and management of NPD projects. Procuring bodies will therefore be working closely with SFT throughout the development of their projects and seeking SFT approval at specific points, in order for the project to proceed to delivery.

### ***Frameworks Scotland***

For publicly funded projects, the national construction and professional services contracts established as "Frameworks Scotland" are the partners of choice to deliver capital works. These schemes are administered on behalf of NHSScotland by Health Facilities Scotland. For reactive maintenance and minor works some in-house capacity is available in each Board.

### **Asset management**

The high-level priority of asset management is to improve efficiency and effectiveness of asset management to support delivery of high quality healthcare services by ensuring that assets are:

- safe – meeting statutory and regulatory requirements;
- fit for purpose - meeting patient and clinical requirements; and
- efficient – delivering best use of resources through strategic management of disposals, maximising opportunities to rationalise estate, making efficient use of space, reducing running costs, targeted maintenance and capital works investment.

Throughout NHSScotland, Boards keep under review their asset management plans which include the option of disposing of assets. We are continuously seeking to



improve the strategic management of disposals to ensure best value for taxpayers' money is secured.

At a strategic level the asset management policy in *CEL (2010) 35 A Policy for Property and Asset Management in NHS Scotland* mandates collection of asset management data. Data is input to a new national asset management system and will feature in annually updated asset management plans for each NHS Board. Further assurance will be provided by a national asset management survey programme which will look at building condition on a rolling 3-year basis.

NHS performance will be made more open and transparent by a new performance framework set out in an annual '*State of the Estate Report*'. This document will review and serve to highlight performance improvement. Evaluation of performance will provide an evidence base for identifying best practice. Obtaining best value for money in 'soft' facilities management services will be sought by carrying out a national procurement review.

### **3.2.2 SCOTLAND'S SCHOOLS FOR THE FUTURE**

#### **Objectives and purpose of investment**

The £1.25 billion Scotland's Schools for the Future (SSF) programme is part of the Scottish Government's and local government's shared commitment to improve the learning environment for Scotland's children by replacing or refurbishing the worst condition schools in Scotland. This, in turn, will contribute to the Government's vision of improving the life chances of Scotland's children and young people. By the end of this Parliament, the Government intends to repeat its achievement of the previous Parliament and halve the number of pupils in crumbling schools. A well managed, sustainable school estate will help the implementation and delivery of the Curriculum for Excellence and help meet climate change targets through the construction of modern, energy efficient school buildings.

A key objective of the school building programme is to help local authorities deliver good quality, well designed, sustainable schools at a competitive price. The programme will support the implementation and delivery of the vision, aspirations and principles of the joint Government / COSLA 2009 school estate strategy, Building Better Schools: Investing in Scotland's Future. The Strategy sets out a joint long term commitment to increase the proportion of pupils being educated in schools which are in good or satisfactory condition to over 90%, with firm plans in place to address the remaining schools. This will require national and local government to continue to prioritise investment in education to ensure the learning environment is fit for the delivery of curriculum for excellence.

#### **Progress since 2008**

At least 330 school building projects (12.5% of all schools) were completed by local authorities during the last Parliament, including 205 primary, 111 secondary and 14 special schools. 171 of these were funded by capital, 21 by NPD funding and 138 by PFI funding. Total capital expenditure by local authorities, excluding the value of PFI or NPD funded investment, on the school estate was £453 million in 2008-09 and £405 million in 2009-10.

The percentage of pupils being educated in good condition schools increased from 60% (426,000) in 2007 to 82% (548,250) in 2010, as the number of schools in good or satisfactory condition increased from 62% (1,669) in 2007 to 79% (2,105) in 2010.

#### **Sector plans**

The £1.25 billion Scotland's Schools for the Future (SSF) school building programme was announced in June 2009. The Government will provide £800 million funding support, from 2010-11 to 2017-18, with the balance coming from local authorities. The programme is being co-ordinated, managed and facilitated by the Scottish Futures Trust (SFT).

SFT's role is to manage efficiently and effectively the programme to help local authorities achieve the best value for money for their investment in new schools. SFT are working with all 32 authorities and have a key role in information sharing and disseminating good practice across Scotland.

The Government is funding 67% of the construction cost of secondary schools, and 50% of the cost of primary and special schools. The funding contribution is calculated by an agreed formula, which provides a notional capital value, from which Government's 67% or 50% contribution is calculated. Funding is restricted to the replacement of existing facilities – i.e. on a 'like for like' basis. Any additional facilities such as adding a new community centre or swimming pool are funded by the authority.

Funding for the programme will be delivered by a mixture of £3-400 million capital grant and £4-500 million revenue funded equivalent, from 2010-11 to 2017-18.

To date, 37 school building projects have been announced: 16 secondary, 20 primary and 1 special school, with at least one project in every local authority area. The funding is expected to support another 30 school building projects, which will be identified in due course.

A secondary schools pilot project involving Eastwood High School in East Renfrewshire and Lasswade High School in Midlothian aims to push the boundaries of joint working and establish a best practice model that can be adapted for use across the programme.

The pilot project sees SFT and the two councils working together to jointly procure both schools in a £65 million ground-breaking collaborative initiative that will save at least £2 million as a result of the partnership approach. This is the first time two Scottish Councils have come together to procure new schools and if the initiative proves successful this collaborative model will be used further to achieve benefits and savings across the programme. Construction on Eastwood and Lasswade High Schools commenced in autumn 2011, and both schools are due to open for pupils by August 2013.

Construction is currently underway on five primary school projects in West Lothian, Falkirk, East Ayrshire, Comhairle nan Eilean Siar and East Lothian. The first one – Pumpherston & Uphall Station Community Primary School in West Lothian – will be completed in early 2012. In addition to the pilot secondary school projects, construction is has also commenced on Auchmuty High School in Glenrothes, bringing the total to 8 schools now under construction.

The Government is committed to halving the number of pupils in crumbling schools during the course of the current Parliament. The last school estate statistics (published Sept 2010) showed that, as at April 2010, there were 119,188 pupils in schools in condition C or D, so the target reduction is 60,000 pupils. The Scotland's Schools for the Future programme, together with other ongoing local authority investment, will help ensure this target is met by 2015.

The Scotland's Schools for the Future programme aims to deliver sustainable schools. Projects are expected to aim for a BREEAM rating of 'Excellent', where practical, and achieve an Energy Performance Certificate rating of B+, prior to

renewable technology introduction. To help promote higher levels of carbon reduction and energy efficiency as the programme progresses, the Government intends to establish a Scottish building regulations working group, with the remit of developing sustainability labelling tailored to the needs of schools. This will be similar to the labelling introduced for housing in May 2011, which launched aspirational upper levels of sustainability as 'silver', 'gold' and 'platinum'. In addition to energy efficiency and carbon reductions, the labelling addresses other aspects such as water resource use, building flexibility, adaptability, and occupant wellbeing.

### **Delivery partners and structures**

A number of partners are involved in delivering the school building programme.

- SFT are co-ordinating, managing and facilitating the programme on the Government's behalf. They work closely with local authorities on individual procurement processes and provide a challenge function to ensure efficient and effective procurement, as well as sharing good practice across the sector. SFT are also developing the revenue funded models which will be used to deliver part of the programme.
- Local authorities are responsible for the delivery of education and own the school buildings. They are also contributing at least 33% or 50% of the funding for each of the projects.
- Architecture and Design Scotland work with local authorities and SFT to promote the value of user participation and collaboration to help ensure the school estate is fit for purpose, so that it supports and enhances delivery of Curriculum for Excellence.
- The Carbon Trust works with local authorities and SFT to develop and promote low carbon, energy efficient buildings which will help contribute towards the Government's climate change targets.
- The joint Scottish Government / COSLA school estate strategy, *Building Better Schools: Investing in Scotland's Future*, which was published in 2009, sets out national and local governments shared vision for the future of the school estate. The Strategy is underpinned by a set of aspirations and nine guiding principles and objectives for future planning and action to be taken into account when considering changes to the school estate.

### **Asset management**

As part of the school building programme, authorities are expected to demonstrate how the investment in their school building project supports the delivery of and is consistent with the nine guiding principles and objectives of the school estate strategy, which emphasise the need for efficient and co-ordinated management of assets across the local authority estate. Authorities already have well established School Estate Asset Management Plans, which help in the planning, organisation and management of the school estate. The plans include information about the

value, extent, condition, suitability, sufficiency and financial performance of the school estate, information which is also collected and published by the Government to provide an annual snapshot of progress in improving the school estate.

All authorities participating in the Scotland's Schools for the Future programme will be expected to carry out post occupancy evaluations (POEs) of the projects completed as part of the programme. These will assess the extent to which the investment has met the programme objectives and will provide a platform for continuous improvement.

### **3.2.3 FURTHER AND HIGHER EDUCATION**

#### **Objectives and purpose of investment**

The Scottish Further and Higher Education Funding Council (SFC) is responsible for infrastructure investment in universities and colleges. This investment is used to support the SFC's duty to secure the coherent provision of high quality further and higher education. It contributes to the Scottish Government's national outcomes through the development of improved and sustainable estates in the further education (FE) and higher education (HE) sectors which support teaching and research programmes.

Specifically SFC's capital funding contributes to the provision of:

- modern and flexible college and university buildings that enable learners to gain the skills needed to effectively contribute as part of Scotland's workforce;
- facilities and equipment to ensure universities to remain competitive in research on a global scale; and
- well maintained estates in the further and higher education sectors that enable institutions to manage their assets on a planned maintenance programme reducing the need for future replacement investment.

SFC are working with institutions to identify developments in shared facilities and services where these lead to efficiencies in both the provision and integration of further and higher education.

#### **Progress since 2008**

SFC's infrastructure investment is directed towards major project funding (e.g. the development of an entirely new college campus) and annual allocations to each institution to support their estates maintenance and strategic capital investments. SFC has invested a total of £704 million across the two sectors since 2008. This investment comprises:

- £360.9 million of capital investment in colleges over the period 2008-09 to 2011-12 (£284.2 million in projects and £112.7 million in annual allocations); and
- £344.4 million of capital investment in universities over the period 2008-09 to 2011-12 (£72.4 million in projects and £272 million in annual allocations).

Over recent years SFC's funding has helped to deliver:

- 19 new college estates with 2 more due to be completed in the next six months including new facilities at Motherwell, Clydebank, Galashiels, Dundee, North Highland, Jewel and Esk, Dumfries and Galloway and Aberdeen.
- New university buildings including: Queen Margaret University (new campus), University of the West of Scotland (Ayr campus), Edinburgh University

(Infomatics Building), Heriot Watt University (Galashiels campus), Stirling University (new library); Aberdeen University (new library).

- Improvements in the condition of the estates. As at 2009-10 approximately 60% of both the college and university estate is graded condition A / B (as new / sound). This compares to just less than 50% of the estate that was graded A / B five years ago.
- Buildings in the college sector that are now more energy efficient, with average consumption falling by 5% over the past five years.

As reported in our sector reviews of capital investment *Building knowledge* and *Building ambition* the benefits of SFC funding are significant. These include driving forward co-location (Scottish Borders campus), delivering environmental improvements thereby reducing operating costs (Stirling University / QMU), expanding access (UHI) and supporting economic regeneration (Dumfries and Galloway).

## Sector plans

SFC's major investment projects over the coming three years are:

- City of Glasgow College (£200 million) - the consolidation and development of the College estate on two sites. To be funded through revenue. Due to start on site in 2013 and open in 2016.
- Inverness College (£52 million) - the relocation of the College to Inverness Campus. Inverness College is a partner in the UHI network delivering 25% of total higher education provision in the region. To be funded through revenue. Due to start on site in 2013 and open in 2015.
- Kilmarnock College (£50 million) - the relocation of the College to a town centre site. To be funded through revenue. Due to start on site in 2013 and open in 2015.
- Glasgow School of Art (£50 million) - the development of a new build opposite the Macintosh building. Start on site in 2011 and open in 2014.
- University of Strathclyde – ITREZ / TICs (£11.6 million) - the development of a technology innovation centre as part of a wider renewable energy zone. Start on site in 2012 start and phased opening from 2013.
- University of the West of Scotland (UWS) / Glasgow University – Crichton Campus (£2.5 million) - further development of the shared campus at Crichton to ensure access to HE provision is supported in the Dumfries and Galloway region. On site.

In the coming years as direct capital grant is more limited SFC is working to deliver investment through alternative funding mechanisms including revenue funding and loan support. The three major college estates developments in Glasgow, Inverness and Kilmarnock will all be delivered using revenue funded through NPD.

The investment in the Glasgow School of Art will be delivered using both direct capital grant and SFC's loan support guarantee scheme. The latter enables the institution to take out a loan for a proportion of the cost of the project with the annual loan repayments covered by SFC capital grant. Both NPD and the loan support scheme enable SFC to deliver a greater value of investment in the short term by spreading the repayments over the longer term.

Over the next ten years SFC's priorities for capital investment will be:

- Maintaining the existing college and university estates through targeted allocation of grant based on need<sup>47</sup>;
- In line with the proposed reform of further and higher education, SFC will target capital to ensure institutions have the facilities and capacity required to deliver provision which supports jobs and growth, sustainability and improves life chances;
- Capital support to research universities with "excellent" departments, i.e. those that secure significant levels of support from the Research Councils (RCUK). In terms of RCUK support the Universities of Edinburgh, Glasgow, Strathclyde, St Andrews and Dundee are in the top 30 institutions in the UK with Heriot-Watt University ranked 31<sup>st</sup>, the University of Aberdeen 35<sup>th</sup>. Capital funding directed to these institutions could help build on the successes of their securing competitive RCUK support and of research pooling, including support for the Technology Innovation Centre model of linking academia and industry.

### **Delivery partners and structures**

SFC works with a number of partners to deliver major investment projects. These include:

- **Institutions:** institutions themselves, particularly universities contribute significantly to their own redevelopment and renewal programmes. In the short term it is likely that SFC will face severe limits on the amount of capital it has to invest. Our relationship with the institutions in terms of ensuring these limited resources are used to best effect is therefore critical. More work on the impact our investment has on both institutions individually and the sector as a whole will help to identify how we can better target our funding.
- **Scottish Futures Trust (SFT):** SFC is currently working with SFT to progress three major college redevelopments using revenue funded. The total investment required to deliver the projects is c.£300 million, with repayment taking place over a 25 year period through an annual unitary charge. SFC and

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<sup>47</sup> SFC is currently reviewing its allocation policy for this capital grant to better reflect building condition, previous investment and financial sustainability within institutions and to target more limited resources in line with our strategic priorities.



SFT have developed a staged process for approval up to procurement and work is on-going to develop this process to cover the entire contract period.

- **Department for Business Innovation and Skills (DBIS):** Leading research universities in Scotland benefit from additional capital funding from DBIS to support infrastructure investment. This funding is focussed on maintaining excellent departments with the critical mass to compete globally and the expertise to work closely with business, charities and public services. DBIS provide this funding, nearly £9 million in the current year, in proportion to SFC's contributions to research universities.

## **Asset management**

Universities and colleges, as autonomous institutions, are responsible for managing their assets. SFC reviews the institutions' estate strategies on an annual basis and is in regular discussion with all 61 colleges and universities on estates matters. In the immediate future SFC will be focusing on supporting institutions to maintain their existing estates to ensure building life is maximised.

As part of our capital grant programme we require all recipients to undertake post occupancy evaluations (POE) to assess the extent to which the investment has been delivered as intended. SFC is currently developing its POE framework to include wider analysis on the outcomes and impacts of capital investment as well as simply looking at whether a project has been well managed.

All institutions are seeking to rationalise surplus properties across their estates to ensure they are operating as efficiently as possible. SFC has a clear policy in terms of the disposal of exchequer funded assets<sup>48</sup> and where required we work with institutions to ensure sites are marketed appropriately and the best price is received.

SFC has established a property support service (PSS) to work with institutions, especially colleges, to deliver major capital projects and to improve knowledge and understanding of asset management. In the future as the number of major estates investments declines SFC anticipates the role of the PSS to broaden to include more sector wide research and best practice analysis.

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<sup>48</sup> Universities must seek Council approval for the disposal of exchequer funded assets with a sale value greater than £3 million. Once disposal consent is granted Council will take a decision on the proportion of the disposal receipt that can be retained by the institution. If receipts are retained then they must be reinvested in the estate. The procedure for colleges is similar to that outlined above, however the sale value threshold is set at £500,000.

### **3.2.4 CULTURE & HERITAGE**

#### **Objectives and purpose of investment**

Culture and heritage contribute to enhancing Scotland's economy through growing our creative industries and cultural tourism, enhancing the quality of life in Scotland's communities and promoting our international image and reputation. Capital funding in this sector is relatively small scale in the scheme of Government investment but nevertheless of strategic importance. It supports physical infrastructure in order to maintain and improve our cultural and historic assets and maximise participation in high quality cultural and heritage events and activities. It also maintains the strength of our national collections and archives and improves public access, especially through digitisation. This is particularly relevant in contributing to the following national outcomes:

- We take pride in a strong, fair and inclusive national identity; and
- We value and enjoy our built and natural environment and protect it and enhance it for future generations.

Traditional capital finance is used for Government-funded culture and heritage projects, partly because of their relatively small size, but importantly because this model helps attract significant contributions from other sources, including lottery funds and significant private philanthropy and donations from the public.

#### **Progress since 2008**

Since 2008, there has been significant investment in this sector directly contributing to our overall purpose of sustainable economic growth, through cultural and heritage tourism and international promotion. On-going capital investment is required to maintain the offering in a competitive and demanding market.

On major projects, the Culture and External Affairs capital budget has contributed £31 million in total to the redevelopment of the National Museum of Scotland, the Scottish National Portrait Gallery and the Robert Burns Birthplace Museum in Alloway. These projects deliver world class visitor destinations which contribute significantly to the tourism sector - combined visitor numbers are expected to be around 1.3 million per annum. Overall, Scotland's museums and galleries attract around 25 million visits per annum, generating an estimated £79 million for the economy and helping sustain over 3,600 tourism related jobs in Scotland.

In addition, Historic Scotland has completed the final phase of the £12 million Stirling Castle Palace project, significantly enhancing the Castle's position as a must-see visitor attraction and increasing future tourism income. The Agency also delivered the Edinburgh Castle project at a cost of £3.5 million resulting in a 5% increase in visitor numbers and income growth of over £1.1 million in its first year of operation; and invested £4.7 million in the delivery of the award winning Stanley Mills project.

Historic Scotland's capital investment has enabled it to grow its income to £29.6 million, an increase of £3.5 million between 2008-09 and 2010-11.

We have also invested in the digitisation of Scotland's national collections to develop our assets and make them more accessible to more people. The National Records of Scotland's world-leading ScotlandsPeople Centre for family history opened in 2009 and is a fantastic ancestral tourism resource.

## **Sector Plans**

Our priorities for investment over the next 10 years fall within four key themes. Examples are given below of the early priority projects identified in the Spending Review for each theme; the pipeline of projects will continue to be developed into 2015 and beyond, as new proposals are worked up which contribute to these key themes.

We will contribute to:

- Economic growth, for example through our £15 million capital commitment to the V&A at Dundee project. This ambitious project has great potential to boost the Dundee Waterfront regeneration project, cultural tourism and our capacity to design through innovation.
- The success and legacy of 2014, by delivering improved performing arts facilities in Glasgow in time for the Commonwealth Games through the redevelopment projects at Theatre Royal for Scottish Opera and at Glasgow Royal Concert Hall for RSNO. The Battle of Bannockburn project, also being delivered by Historic Scotland, will showcase Scotland's expertise in digital technologies by creating an immersive visitor experience to mark the 700<sup>th</sup> anniversary of the battle in 2014.
- The development of young people and skills through investment from the Young Scots Fund – a manifesto commitment to enable young Scots to achieve their full potential in sport, enterprise and creativity. The creativity elements of the Fund comprise investment in two projects:
- Firstly, in a National Centre for Youth Arts which will be part of the 2014 Commonwealth Games legacy, as well as skills programmes and support for new creative businesses.
- Secondly, the creation of a £3 million National Conservation Centre in Stirling to help and sustain the skills we need to secure the future of Scotland's historic environment. This sector contributes more than £2.3 billion to the economy and supports around 41,000 jobs.
- The efficient use of public resources through addressing storage requirements across our national cultural and heritage bodies and renewing important assets through tackling maintenance priorities. Protecting the nation's collections in effective storage and maintenance of the estate is important for their future use in exhibitions, education and research. In the short term, we will fund a new storage facility at Granton which will allow the National Museums to vacate their

outdated facility at Port Edgar prior to the construction of the new Forth Crossing. We will also start to address the most urgent maintenance tasks for the national collections, but there is limited scope for this in the first 3 years of this Investment Plan. Over the longer term, we are working with the heritage and cultural bodies on a ten year maintenance plan and also reviewing the scope for collaboration and rationalisation of storage space. This will be a priority for the next Spending Review period.

### **Delivery partners and structures**

These priority projects in the culture and heritage sector will be managed by our delivery partners (our Executive Agencies, NDPBs or other core-funded bodies) through the award of grant and grant-in-aid, rather than direct delivery by the Scottish Government. Projects in this sector often comprise mixed finance packages, including in many cases substantial fundraising by the relevant bodies.

For example, the V&A project in Dundee is a collaboration among several partners, including universities, the City Council and Scottish Enterprise as well as the V&A in London. This capital project will require at least a third of the total to be raised through private donations and philanthropy. A further example is the delivery of the Battle of Bannockburn project which will be managed by Historic Scotland in partnership with National Trust for Scotland who own and manage the site. The immersive visitor experience will be delivered by the Centre for Digital Design and Visualisation, which is a partnership between Historic Scotland and Glasgow School of Art's Digital Design Studio.

### **Asset management**

The cultural and heritage sector depends on the quality and range of its assets, both physical and digital. To maintain visitor numbers (and spend) and international reputation these assets need to be of high quality and a magnet for the 21<sup>st</sup> century visitor. This is why our Sector Plans include both the enhancement of the estate in Dundee and Glasgow and the longer term priority for maintaining and renewing the historical estate, maximising the scope for essential maintenance to help provide the cultural bodies with new opportunities. Plans are now being developed for addressing these issues in a strategic and efficient way, with some opportunities for rationalisation and sharing.

Historic Scotland is investigating opportunities to increase income from the management of the assets in its wider ancillary estate through commercial letting, and is in discussion with The Landmark Trust regarding a potential partnership arrangement. Similarly other bodies in the sector are looking to increase the (albeit limited) commercial returns they can secure from their assets, for example through the hiring of events space at the refurbished National Museum.

### **3.2.5 HOUSING**

#### **Objectives and purpose of investment**

Investment in housing is aimed at providing good quality, sustainable and affordable homes and tackling homelessness. The Scottish Government's Strategy and Action Plan for Housing in the Next Decade: 2011-2020 is set out in its February 2011 publication '*Homes Fit for the 21<sup>st</sup> Century*', published on the Scottish Government website. Our strategic approach incorporates the following essential elements to improve the supply, quality and sustainability of Scotland's housing and help contribute to economic recovery and growth, a shift to a low carbon economy and the tackling of fuel poverty:

- supporting new developments, using Government funding to lever in the maximum possible investment from other sources;
- pursuing new sources of finance and innovative financial solutions to help build affordable homes for less;
- supplementing new supply by making better use of existing homes, and increasing the use of empty or under-occupied homes;
- developing a Strategy for Sustainable Housing in Scotland to put people at the heart of how we create sustainable communities for the long-term and investing to help ensure that both new and existing homes contribute to meeting our 2020 and 2050 climate change targets;
- promoting excellence in the design of new housing which contributes to the creation of sustainable places and neighbourhoods which are low carbon and energy efficient; and
- promoting energy efficiency across all tenures, working with partners to boost the green industries in Scotland, and looking to the housing and construction industries to make full use of existing and new technologies to produce housing that reduces emissions and energy costs.

#### **Progress since 2008**

Over the period 2008-11, the Scottish Government invested a record £1.7 billion in affordable housing and achieved its target to approve around 21,500 new/improved affordable homes. Other key achievements include:

- £120 million of the planned affordable housing spending brought forward into 2008-09 and 2009-10 to accelerate the supply of affordable housing and help support the house-building industry.
- in 2009-10, a record 8,142 affordable housing approvals; a record 8,092 completions; and record expenditure of £673 million.

- £80 million allocated to reverse decades of decline in council house building and support the construction of almost 3,300 new council homes across Scotland.
- launch of the Energy Assistance Package in 2009, which has delivered over 20,000 heating installations.
- development of two area-based home insulation schemes offering a package of energy efficiency measures to over half a million Scottish householders to help householders reduce their fuel bills and cut carbon emissions resulting in more than 146,000 Home Energy Checks and the installation of more than 56,000 insulation measures (such as loft and cavity wall insulation).

### **Sector plans**

The Scottish Government is committed to achieving a number of housing-related targets set by the Scottish Parliament or the Scottish Government. These targets are:

- to work with local authorities to ensure that by December 2012 they are in a position to meet the legal obligation to offer permanent accommodation to all unintentionally homeless people.
- to deliver 30,000 affordable homes over the next five years.
- by April 2015, all social landlords must ensure that all their dwellings pass all elements of the Scottish Housing Quality Standard (SHQS).
- by November 2016, so far as is reasonably practicable, nobody will be living in fuel poverty in Scotland.
- by December 2020, improved design and greater energy efficiency in housing will have made a contribution to Scotland's commitments to reduce our energy consumption by 12% and our greenhouse gas emissions by 42%.

Current investment and leverage programmes towards delivery of these targets are:

- A £400 million housing investment budget in 2011-12, generating around £850 million of economic activity estimated to support over 15,000 jobs directly and indirectly across the Scottish economy.
- A new £110 million Innovation and Investment Fund which is ensuring that Government funding levers in the maximum possible investment from other sources to maximise new supply. This year subsidy for council homes is limited to about 25% of costs and the benchmark for housing association developments is about 33% of costs<sup>49</sup>, half the rate of subsidy provided in the recent past.

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<sup>49</sup> calculation assumes overall unit costs of £120,000

- Procurement of new affordable homes for rent through the National Housing Trust initiative (NHT) working with Councils, housing associations and private developers across Scotland – generating in the region of £100 million of investment and support for over 1,000 jobs for every 700 homes built.
- Expansion of the shared equity schemes and the introduction of a housing infrastructure loans fund (through a further £16 million allocated into housing programmes in the 2011-12 Budget Bill).
- Consultation on legislation to allow councils to levy a council tax excess charge on long term empty homes, to bring empty homes back into use.
- A further £55 million in 2011-12 to support the tackling of fuel poverty through the Energy Assistance Package (EAP), Universal Home Insulation Scheme (UHS) and Boiler Scrappage programme - households receiving assistance through EAP have seen annual fuel bill savings of £12 million since its introduction.
- A £50 million Warm Homes Fund to deliver energy-efficiency, district heating and other measures targeted at those worst affected by fuel poverty.
- the securing of up to £15 million for new energy efficiency and renewable energy schemes by social housing providers within the new £50 million JESSICA funding for urban regeneration in Scotland agreed with the European Investment Bank (EIB).

### **Delivery partners and structures**

Investment in the housing sector is a key part of supporting wider economic recovery and enabling infrastructure investment. It is delivered through close partnership working with local government, funding institutions, registered social landlords, private developers and suppliers, and consumer interest groups. Recognising that radical and innovative measures are required to increase supply and to maximise housing choice and quality, we will also work increasingly with new partners capable of delivering alternative funding sources and innovative models that use lower levels of public subsidy for housing-related programmes.

In November 2011, the Cabinet Secretary for Infrastructure and Capital Investment held a 'Greener Homes' Summit with leading developers, financiers and technology experts. This has helped build commitment amongst partner organisations to cross-sector collaboration on new approaches in Scotland to exploit opportunities, maximise investment and accelerate creation of low energy homes through both new-build and retro-fit programmes. To assist in the development of our strategy on sustainable housing, the Cabinet Secretary will chair a new, high level Sustainable Housing Strategy Group.

We will also pursue new methods of collaborative procurement, such as that being tested under the NHT, with potential for delivering better value for money.

## **Asset management**

In March 2011, the Scottish Government published detailed and comprehensive guidance on the Scottish Housing Quality Standard (SHQS). This can be used by social landlords to help ensure they operate in line with the asset management principles which form part of the Prudential Code (in the case of local authority landlords) and to satisfy the asset management requirements expected of Registered Social Landlords by the Scottish Housing Regulator. The Guidance will assist social landlords target their SHQS expenditures (£2.5 billion in the 3 years to 2012-13) to implement improvements to the physical quality of the housing stock, its energy efficiency, and various security and safety measures. The number and colour coding of the SHQS elements in the Guidance should also allow easy monitoring and tracking of progress which in turn should lead to better asset management. Around 40% of social housing stock now meets the SHQS in every aspect.



### 3.2.6 REGENERATION

#### Objectives and purpose of investment

Regeneration policy is focused on reversing the economic, social and physical decline of places where market forces alone will not suffice, using well-targeted public and private investment and better coordination of key public services. Responsibility for local regeneration and economic development rests with local authorities. The Scottish Government provides a national focus and funding for a range of interventions, including support for large-scale transformational and infrastructure projects that deliver physical regeneration alongside economic outcomes including jobs. Regeneration activity is focussed on ensuring that people live in socially, physically and economically sustainable communities.

#### Progress since 2008

Investment in physical regeneration projects makes a direct contribution to the delivery of key infrastructure particularly in areas of deprivation and market failure. Recent Scottish Government Regeneration investment in the physical environment has been focussed on the following funding streams:

- £92 million invested in **Urban Regeneration Companies (URCs)** since 2008 that has delivered over 60,000sqm of business space; over 1,400 jobs and 515 training places; 67 hectares of vacant and derelict land remediated or developed; 608 houses built and 2 primary schools built. In addition, over £130 million of private sector investment has been generated on the back of public sector investment.
- **JESSICA**: a £50 million JESSICA investment fund has been developed in conjunction with the European Commission and European Investment Bank (EIB), to assist the delivery of regeneration projects in Scotland.
- **Vacant and Derelict Land Fund (VDLF)**: £46.6 million of funding provided since 2008 to tackle vacant and derelict land in 5 local authority areas.
- **Town Centre Regeneration Fund (TCRF)**: £60 million of funding provided to town centres across Scotland in 2009-10 to deliver a range of regeneration outcomes.
- **Tax Incremental Financing (TIF)**: the Scottish Government has approved two TIF pilot projects worth £157 million, with the expectation that these will leverage in a total of £1,085 million in private sector investment.

#### Sector plans

Continued investment in physical regeneration projects will play an important part in supporting delivery of key infrastructure across Scotland, particularly in areas that need additional support. Wider infrastructure investment decisions need to be considered alongside regeneration outcomes and as part of a wider economic and

social plan. Successful delivery can help improve the economic competition of areas which have historically suffered from market failure.

We will publish a Regeneration Strategy which will articulate a clear vision for future regeneration policy in Scotland and provide a more strategic way of identifying and funding regeneration priorities in the future. The Strategy will prioritise linking areas of need with economic opportunity, in order to maximise outcomes. The role of infrastructure investment in achieving this is important.

From November 2011, the £50 million JESSICA fund (Joint European Support for Sustainable Investment in City Areas) should be in a position to begin to invest. Investment is delivered to projects via a new Urban Development Fund (UDF), run by a specialist fund manager. The UDF will decide which projects go forward - a wide range of activity can be funded through JESSICA as long as it forms part of an area-based regeneration strategy. Examples include development of business space, delivery of energy efficiency measures in social housing, e-infrastructure, remediation of brownfield land and sustainable urban transport schemes.

Scotland's six URCs will continue to play an important part in delivering the large-scale transformation of the areas in which they operate. URCs have received significant amounts of public sector investment to date, with the intention that they will attract further interest and investment from the private sector. Specific URC initiatives underway include Clyde Gateway East; a £35 million strategic business park intended to attract light industrial and office-based companies to land which has lain unused for over 30 years adjacent to the M74 motorway. Two leading UK property development companies have signed deals to build 300,000 square feet of industrial units on the site. The overall investment is worth £14 million and will support 700 jobs.

The Scottish Government will take forward four more TIF projects to enable up to six to take place in the pilot phase. A wider scheme may be introduced through primary legislation over the coming years. This will depend on the progress of the pilot phase and the level of demand from local authorities.

### **Delivery partners and structures**

We will develop the Regeneration Strategy in partnership with key stakeholders. Regeneration activity will continue to be delivered by a range of partners across the public, private and third sectors, including local authorities, SFT, special purpose vehicles such as URCs, community groups and voluntary organisations. Funding arrangements will vary.

### **Asset management**

There is a manifesto commitment to deliver a Community Empowerment and Renewal Bill. Part of this states that the Government will make it easier for communities to take control of unused and underused public sector assets. We are aware that we will have to develop proposals for the Bill in the context of using the public sector estate efficiently and effectively.

### **3.2.7 JUSTICE**

#### **Objectives and purpose of investment**

Investment in Justice aims to help communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life.

The Justice portfolio includes the administration of criminal justice and civil law, operation of the courts, provision of legal aid and liaison with the legal profession. It also covers the operation of the police, prison and fire services and an overview of preparations for potential civil emergencies.

Specifically, such investment will:

- support maintenance and improve capacity across our prisons and emergency response estate;
- contribute, along with other portfolios, to ensuring that Scotland has the resilience to respond to natural or man-made crises;
- improve the condition, quality and capability of existing facilities;
- deliver new and strengthen existing assets that strengthen Scotland's ability to tackle and respond to crime, fire, and other emergency incidents;
- support economic growth by investing across the country and supporting construction, engineering and other public safety sector supporting jobs
- provide upfront investment to support major reform programmes in police and fire which will help to drive out significant savings in the medium and longer term and deliver improved outcomes for the public.

#### **Progress since 2008**

Since 2008, significant investment has taken place across the Justice estate:

- The prison estate has been improved with the completion of the modernisation of HMP Edinburgh, HMP Glenochil, HMP Perth, HMYOI Polmont and HMP Shotts (Phase1).
- HMP Addiewell was opened in 2009 and the new prison in Bishopbriggs, HMP Low Moss, is on schedule for opening in spring 2012.
- Phase 2 of HMP Shotts is now underway and planning permission has also been secured for the planned development of HMP Grampian and HMP Inverclyde. £318 million was invested in the SPS infrastructure between April 2008 and March 2011.
- The Scottish Crime Campus at Gartcosh is now being built and will be a major step forward in our efforts to tackle serious organised crime and terrorism. It will bring together the Scottish Crime and Drug Enforcement Agency and its partners in a state of the art, purpose built building which will not only physically

bring them together but also encourage and develop joint working including the sharing of intelligence and other resources such as people and equipment. Its infrastructure will include a new forensic laboratory for the West of Scotland and a new Joint Operations Centre which will allow the command, control and co-ordination of operations across all agencies and provide a national centre for the control of major incidents and events such as the G8 or the Glasgow Airport bombing. Construction is well advanced with the shell and core expected to be complete by the end of March 2012. Completion of the building interior is planned by Autumn 2013, becoming fully operational in early 2014. In total the project will cost £82 million to deliver.

- Our Fire and Rescue Services rely on a high quality and resilient radio communications system in order to deliver an effective service to the public through the management of and mobilisation to incidents of all types and scale. The effective delivery of Firelink in April 2010 has provided Scottish services with a new single digital wide-area radio communication system which interfaces with the other fire and rescue services across the GB but also with the other blue light services thereby enabling enhancing multi-agency working. The lessons of recent terrorist attacks highlighted the need for resilience and interoperability in our telecoms systems if we are to be better able to manage such emergencies more effectively in the future. It is another example of the Scottish Government's commitment to ensuring our emergency services are appropriately skilled and equipped. The expected cost of Firelink-over the life of the programme is approximately £65 million. At present the Scottish Government have paid all costs relating to the Scottish Programme, totalling almost £45 million.
- The major refurbishment of Parliament House is underway and will improve the Scottish Court Service's capacity to meet its statutory obligations and manage demand for essential first instance courts within the Court of Session. Phases 1 and 2 of the refurbishment, with total costs of £49 million so far, have been delivered on time and within budget. Significant efficiencies have been achieved in the use of court accommodation with the transfer of responsibility from local government to SCS for justice of the peace courts following court unification. SCS and COPFS have entered into a shared service agreement for SCS staff to help manage the COPFS estate.
- Investment is underway in a resilient telecommunication system for our eight Strategic Coordinating Groups (SCG), designed to function when the main public networks (such as landlines and mobile phones) are unavailable. Building upon existing ICT infrastructure already provided by the police services, a new system capable of voice, data and video conferencing communication at appropriate security levels has been developed. Together with a new satellite communication system for the Western and Northern Isles, these services combine to provide an efficient and effective shared service response to the risk of a significant telecoms failure. The new resilient telecommunication network will cost £1.59 million over five years. By building on existing infrastructure it is estimated that the project has saved approximately £1 million compared to a new procurement. The systems are being deployed ready for testing and operational commissioning by end of 2011.

- Investment in Scotland's resilience, such as flood defences and snow clearing equipment, is undertaken by other portfolios.

## **Sector plans**

Faced with reductions in the available capital budget provided in the UK Government's last Spending Review, it was necessary to reduce the Justice capital budget in 2011-12 and the timing and scale of capital projects was reviewed. However, as a result of careful planning, significant investment in maintenance and new assets is still planned going forward.

Over the coming years, the following key investments will be progressed:

- The Scottish prison estate will be further modernised and improved. In addition to completing HMP Shotts (Phase 2) in 2012, HMP Grampian in 2014 and HMP Inverclyde in 2016, the forward SPS investment plan includes the modernisation of the female estate (HMP Stirling) in 2016, HMP Highland in 2018 and the replacement of facilities at HMP Barlinnie (HMP Glasgow) in 2019.
- The Scottish Crime Campus at Gartcosh will be completed, strengthening Scotland's capacity and capability to tackle serious organised crime and terrorism.
- Continuing investment will be made in the essential refurbishment of Scotland's most significant and historic court, through Phases 3 and 4 of the Parliament House project.
- The SCS will continue to invest in necessary regular upgrading of court-based ICT technology, which is essential for the efficient operation of the criminal justice system.
- The reform of our police and fire services will protect and improve local services and outcomes in communities. It will strengthen the connection with the public, delivering stronger accountability and ensuring that local services work effectively in partnership to deliver locally determined priorities. We will invest in our police and fire services' ICT capacity to secure the operational benefits and future budget savings offered by reform.
- A resilient mobile telecommunication infrastructure is essential to the effective operation of our blue light services and wider responder community. With all services now using the same wide area network to manage and resource incidents, Airwave Solutions Ltd provides a very important part of Scotland's critical national infrastructure and requires appropriate levels of stewardship and management. In total, Government and the services invest around £32 million per annum to secure this important service. Working under the Resilience Advisory Board for Scotland structure<sup>50</sup>, Government and the blue

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<sup>50</sup> <http://www.scotland.gov.uk/Topics/Justice/public-safety/ready-scotland/Government/Board>

light services have been working to deliver the full operational benefit of this investment. Further, recognising that current contractual arrangements will expire between 2016-2019, work is underway to plan and develop options for a new procurement to replace the current arrangements.

- We will continue to prioritise investment in the prison estate as this will help to deliver an essential part of our target for emissions reductions in those services.

We will continue to prioritise investment in the courts and prison estate as this will help to deliver an essential part of our target for emissions reductions in those services.

### **Delivery partners and structures**

- **Prisons:** In designing and modernising the prison estate, the Scottish Prison Service (SPS) will work closely with Local Authorities and Community Justice Authorities to ensure that facilities support joint working between SPS and partner agencies with a view to reducing the risk of prisoners reoffending on release from custody.
- **The Crime Campuses at Gartcosh :** This will provide purpose built accommodation to bring together the Scottish Crime and Drug Enforcement Agency and its Partners (Serious Organised Crime Agency, HMRC, Crown Office and Procurator Fiscal Service and the Counter Terrorism Intelligence Unit) on one site to encourage and allow joint working and sharing of resources. It will also provide a new Forensic Laboratory for the SPSA Forensic Service West. All of these partners are working with the Scottish Government to deliver a facility which will enhance their ability to share resources and develop better processes for joint working.
- **Courts:** As part of the 'Making Justice Work' project, SCS along with other justice bodies is reviewing the use that is made of Scotland's, mostly historic, court estate. This will take account of recommendations from Lord Gill's review of the civil courts and Sheriff Principal Bowen's review of sheriff and jury procedures for greater specialisation of court services.
- **Telecoms for our resilience community:** Resilience in our telecommunication infrastructure is vital to the effective operation of our blue light services and wider responder community. Working under the auspices of the Resilience Advisory Board for Scotland structure<sup>51</sup> and with representation from across the resilience community, a group has been formed to discuss, advise and agree proposals for the development of resilient telecommunications in Scotland. Key aspects of this work include developing an effective Scottish in-life service management capability across the various Airwave contracts, develop and consider options for a replacement procurement for emergency services mobile telecommunications when current contracts expire; and

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<sup>51</sup> <http://www.scotland.gov.uk/Topics/Justice/public-safety/ready-scotland/Government/Board>

development of a shared services solution to provide a resilient telecoms network for Scottish Government and our eight SCGs in response to the risk of a significant telecoms failure.

### **Asset management**

In taking forward the planned prison investment programme, the Scottish Prison Service will seek to design prison facilities which minimise carbon emissions and operating expenditure. In addition, surplus land created by these modern prison developments will be released for disposal, subject to operational and security considerations.

The SCS will continue to look to rationalise and maximise the efficient use of court accommodation, building on the actions already taken over recent years to unify sheriff and justice of the peace courts into fewer shared locations.

Following the Cabinet Secretary for Justice's statement to Parliament on 8 September 2011 setting out the Scottish Government's plans for the reform of Scotland's police and fire services, work is beginning on plans for the future management, rationalisation and improvement of the significant existing police and fire assets to align them with the new operating models and structures which are being developed.

### 3.2.8 COMMONWEALTH GAMES

#### Objectives and purpose of investment

The Scottish Government's investment in the Glasgow 2014 Commonwealth Games is intended to secure the delivery of a successful Games that will showcase Scotland on the international stage, contribute to the economic recovery and leave a meaningful and lasting legacy from which all of Scotland's people can benefit.

#### Progress since 2008

A key strength of our successful bid for the Glasgow 2014 Commonwealth Games was that 70% of Games venues were in place in 2007 when the bid was won. However, in addition to building new or upgrading existing venues, a number of associated infrastructure projects are being undertaken to support the Games:

- The M74 Completion scheme was opened on 28 June 2011, below cost and 8 months ahead of schedule.
- The M80 upgrade was completed in late summer 2011, on time and on budget, and forms an essential part of Scotland's road network, improving links between central and north Scotland and the wider motorway network
- The new Airdrie to Bathgate rail line opened in March 2011 and will help Games spectators arriving by public transport as well as improving links to jobs in Glasgow.
- Construction work is well underway on a number of other projects – all proceeding to schedule and to budget.

The Scottish Government is contributing 80% of the public cost of hosting the Commonwealth Games in Glasgow in 2014. This represents around £344 million of a Games Budget of the estimated £524 million cost of staging the Games. Around £60 million of the Games Budget is earmarked for capital expenditure on venues. In addition, Government resources are being invested in transport projects and housing within the Athletes Village.

Of those venues and supporting infrastructure projects being built or upgraded, preparations are proceeding well - on schedule and within budget.

#### Sector plans

The Scottish Government is committed to providing its contribution to the Games Budget and has given a guarantee that in effect underwrites the economic cost of the Games.

The following are the main infrastructure projects that are part-funded with Government funds:

- The Sir Chris Hoy Velodrome (part of the National Indoor Sports Arena complex) is 50% funded from the Games Budget - £13.2 million.
- Upgrade of Tollcross Aquatics Centre – £15 million from the Games Budget and £650,000 from **SportScotland**.



- Adaptation of Hampden Park for athletics - £25.8 million from the Games Budget.
- Scottish Hydro Arena - £25 million investment by Scottish Enterprise will help create a 12,000 seat arena, which will be used for gymnastics and other events at the games, and will be a major tourism, culture and sporting asset thereafter.
- Subsidised housing within the Athletes' Village - £47.3 million of grant funding from Government.

The following Games-related infrastructure projects are being taken forward by Transport Scotland:

- The M80 upgrade was completed in late Summer 2011.
- Upgraded station at Dalmarnock which will be an access point to the Athletes' Village and some of the main Games venues. The project is scheduled for completion by November 2013.
- The commitment of up to £40 million to core funding of the Clyde Fastlink rapid transit bus scheme which will improve connectivity between the city centre and the west with obvious benefits for the Games.

### **Delivery partners and structures**

The Games Budget is managed by the Glasgow 2014 Organising Committee, a private company limited by guarantee set up to deliver the Games and is under joint ownership of Scottish Government, Glasgow City Council and Commonwealth Games Scotland. In addition to the public funding from Government and Glasgow City Council, the Organising Committee is required to raise around £100 million (19%) of its revenue from commercial sources. All Games partners are working closely to ensure that expenditure is controlled and opportunities for financial and operational efficiencies are seized.

Delivery partner Transport Scotland is contributing to the success of the Games by improving rail connections to Games venues and enhancing the efficiency of our trunk road network around Glasgow. In total these projects involve an estimated £1.6 billion of investment.

The Scottish Government is working in partnership with the industry regulator OFCOM, the military, E&PSS (emergency and public safety services), transport providers and broadcasters to manage radio spectrum for the Games. We recognise the importance of providing sufficient and reliable spectrum and are therefore working closely with the organisers of the Commonwealth Games to ensure that such requirements generated by the unique nature of the 2014 Games are met.

### **Asset management**

Following the Games the sports facilities that require to be built will be transferred to Glasgow Life ownership. The Athletes' Village will be marketed as private housing, subsidised housing and mid-rent housing. There will also be a care home for the elderly within the development.

Annex A:

# Asset Maintenance Expenditure

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## ANNEX A: ASSET MAINTENANCE EXPENDITURE

The following table sets out the expenditure on asset maintenance across economic and social infrastructure, taken from a range of sources. Caution should be exercised when considering these figures as differences in timing and methodology, as well as incomplete data limit their accuracy and comparability. The majority of the evidence included in this annex is secondary and high level which prevents a more detailed understanding of individual capital valuations and the associated levels of maintenance. PFI and PPP projects further restrict any estimation of total capital stock and maintenance expenditure.

### ECONOMIC INFRASTRUCTURE

#### Source Notes

#### Trunk Road Network

- o Asset Stock: £16,123 million
- o Annual Maintenance Expenditure: £158.6 million

Data sourced from Transport Scotland. Data for 2010-11. Maintenance expenditure includes routine and winter maintenance and structural maintenance. Consistent with AuditScotland definition.

#### Local Authority Road Network

- o Asset Stock: £23,100 million
- o Annual Maintenance Expenditure: £345.3 million

Asset stock data sourced from SCOTS 2010 'State of the Scottish Local Roads Network'. Maintenance expenditure data sourced from Scottish Government 2009-10 Local Government Finance Statistics. Includes winter maintenance and structural, environmental and safety maintenance and routine repairs

#### Water

- o Asset Stock: £3,158.1 million
- o Annual Maintenance Expenditure: £194.4 million

Data sourced from Scottish Water Annual Report and Accounts 2010-11. Maintenance figure is for capital only. Assets owned and managed by Scottish Water Group. Stock figure includes operational properties and structures and other infrastructure assets.

## SOCIAL INFRASTRUCTURE

## Source Notes

### NHS Scotland

- o Asset Stock: £3,557.4 million
- o Annual maintenance Expenditure:  
Capital: £31.7 million
- Revenue: £80.3 million
- PFI: £9.8 million

Sourced from Scottish Government. Data for 2009-10 collected from 14 NHS Scotland Boards and eight associated organisations. The NHS Scotland estate also includes £784.7 million of PFI assets. Four NHS organisations reported all maintenance as revenue expenditure. Two NHS boards with PFI assets did not report on PFI maintenance reflecting the difficulty in disaggregating PFI unitary charges.

### Schools Estate

- o Asset Stock: N/A
- o Annual maintenance Expenditure:  
Capital: £40.4 million
- Revenue: £78.4 million

Sourced from Scottish Government School Estate Statistics 2010. Data for 2008-09. Twelve Local Authorities did not report on capitalised maintenance expenditure. The total value of the schools estate has not been estimated since 2007 due to concerns over the quality and methods used by authorities to assess values.

### Further Education Estate

- o Asset Stock: £1,120 million
- o Annual maintenance Expenditure:  
£22.9 million

Source: College estate data returns to the SFC for 2009-10. One college did not provide a return

### Higher Education Estate

- o Asset Stock: £5,822 million
- o Annual maintenance Expenditure:  
£93 million

Source: EMS submissions to HESA (2009-10). Data unavailable for some institutions.

## SOCIAL INFRASTRUCTURE

## Source Notes

### Scottish Prison Service

- o Asset Stock: £746.5 million
- o Annual maintenance Expenditure: £8.7 million

Sourced from Scottish Prison Service Annual Report and Accounts 2010-11. The Scottish Prison Service Estate also includes £114.1 million of PFI assets. Some maintenance will also be included as an element of the PFI service charges which were £31.6 million in 2010-11.

### Scottish Courts Service

- o Asset Stock: £382 million
- o Annual maintenance Expenditure: £8.9 million

Source: Scottish Courts Service Annual Report and Accounts 2009-10.

### Housing

- o Asset Stock: £8,000 million
- o Annual maintenance Expenditure: Capital: £366.8 million  
Revenue: £356.6 million

Asset Stock data sourced from Audit Scotland 2009 'Asset Management in local Government'. Capital Maintenance data sourced from Scottish Government Capital Return 2009-10. Revenue Maintenance data sourced from Scottish Government Housing Revenue Accounts 2009-10. Maintenance figures exclude the entire housing stock of six Local Authorities following whole-scale stock transfers to Housing Associations.

Annex B:

# Projected Project Pipeline

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## ANNEX B: PROJECTED PROJECT PIPELINE

The following tables summarise the pipeline of large, strategic Investments through to 2030, in terms of economic and social infrastructure. Four phases of investment are shown – the first relating to this Spending Review period, from April 2012 to March 2015, where prioritisation decisions have been made and funding allocated, and the other three phases, post-Spending Review, where there is greater uncertainty around funding availability and also further work required around the development of individual projects. The later years of the pipeline of investments will be revisited and firmed up in future Spending Reviews, and we will update the Infrastructure Investment Plan accordingly.

For each investment or programme of investments, the total estimated cost at time of publication is shown in brackets, where this is known. Where the Scottish Government is a part-funder of the project, the total estimated cost includes contributions from other funders also. More detail on the purpose and timescales for each of the investments is shown within Annex C.

### KEY TO FINANCE ROUTE:

<b>Capital - fully SG funded</b>
<b>Capital - part SG funded</b>
<b>Capital and Revenue mix - SG funded</b>
<b>Revenue funded - NPD / RAB</b>
<b>To be decided</b>

**Spending Review Period:  
April 2012 to March 2015**

**Transport**

Asset Management Programme of Smaller Scale Strategic Investments Forth Replacement Crossing (£1,400 - 1,600m)
Edinburgh Glasgow Rail Improvement Programme (£1,100m)
Edinburgh Trams Network (£500m)
Aberdeen Western Peripheral Route and A90 Balmedie to Tipperty (£348-458m)
M8 M73 M74 Motorway Improvements (£290-335m)
Borders Railway (£235-295m)
Glasgow Subway Modernisation (£288m)
Paisley Corridor rail improvements (£209m)
Traffic Scotland Intelligent Transport System (£80m)
Clyde Fastlink (£40m)
Ferry and harbour projects (£400m)
Low Carbon Transport
Maintaining Accessibility for all

**2015 to 2019**

Asset Management Programme of Smaller Scale Strategic Investments Forth Replacement Crossing (£1,400 - 1,600m)
Edinburgh Glasgow Rail Improvement Programme (£1,100m)
A9 dualling Dunblane to Inverness (£1,500-3,000m)
Aberdeen Western Peripheral Route and A90 Balmedie to Tipperty (£348-458m)
M8 M73 M74 Motorway Improvements (£290-335m)
Aberdeen Inverness Rail Improvements (£250-500m)
Highland Main Line Rail (£250-600m)
Glasgow Subway Modernisation (£288m)
A82 improvements (£200-250m)
Targeted Bypass Schemes
Targeted trunk road improvements
Ferry and harbour projects (£400m)
Low Carbon Transport
Maintaining Accessibility for all

**2020 to 2025**

Asset Management Programme of Smaller Scale Strategic Investments
High Speed Rail
A9 dualling Dunblane to Inverness (£1,500-3,000m)
A96 dualling Nairn to Inverness (£250-500m)
Aberdeen Central Belt Rail Improvements (£250-600m)
Aberdeen Inverness Rail Improvements (£250-500m)
Highland Main Line Rail (£250-600m)
A82 improvements (£200-250m)
Targeted Bypass Schemes
Targeted trunk road improvements
Ferry and harbour projects (£400m)
Low Carbon Transport
Maintaining Accessibility for all

**2026 to 2030**

Asset Management Programme of Smaller Scale Strategic Investments
High Speed Rail
Glasgow Terminal Stations, incl provision for high speed rail (£1,300-3,000m)
A9 dualling Dunblane to Inverness (£1,500-3,000m)
A96 dualling Nairn to Inverness (£250-500m)
Aberdeen Central Belt Rail Improvements (£250-600m)
Aberdeen Inverness Rail Improvements (£250-500m)
Targeted Bypass Schemes
Targeted trunk road improvements
Low Carbon Transport
Maintaining Accessibility for all



**Spending Review Period:**

**April 2012 to March 2015**

**2015 to 2019**

**2020 to 2025**

**2026 to 2030**

**Energy**

Renewable Energy  
Grid upgrades  
Development of carbon capture and storage infrastructure  
Implement National Renewables Infrastructure Plan

Renewable Energy  
Grid upgrades  
Development of carbon capture and storage infrastructure  
Implement National Renewables Infrastructure Plan

Grid upgrades  
Development of carbon capture and storage infrastructure  
Implement National Renewables Infrastructure Plan

Grid upgrades  
Development of carbon capture and storage infrastructure  
Implement National Renewables Infrastructure Plan

**Digital**

Implement digital strategy

Implement digital strategy

Implement digital strategy

Implement digital strategy

**Water**

Scottish Water current investment plan (£2,500m)

Scottish Water's future investment plans (tbc)

Scottish Water's future investment plans (tbc)

Scottish Water's future investment plans (tbc)

**Rural Affairs**

Asset Management Programme of Smaller Scale Strategic Investments

Asset Management Programme of Smaller Scale Strategic Investments

Asset Management Programme of Smaller Scale Strategic Investments

Asset Management Programme of Smaller Scale Strategic Investments

**Spending Review Period:  
April 2012 to March 2015**

**Health**

<p><b>Asset Management Programme of Smaller Scale Strategic Investments</b></p> <p><b>New South Glasgow Hospitals and Laboratory Facility (£842m)</b></p> <p>NHS Dumfries and Galloway - Royal Infirmary refurbishment (£230m)</p> <p>NHS Lothian - Royal Hospital for Sick Children &amp; Department of Clinical Neurosciences (&lt;£225m)</p> <p>NHS Lothian -Royal Edinburgh Hospital (£135m)</p> <p><b>NHS Grampian - Emergency Care Centre (£110m)</b></p> <p>NHS Tayside - Mental Health Developments Project (£95m)</p> <p>NHS Ayrshire and Arran - Mental Health (£75m)</p> <p>NHS Orkney - Reprovision of Balfour Hospital &amp; Kirkwall Dental Centre (£60-70m)</p> <p><b>NHS Lothian - Royal Victoria Hospital (£44m)</b></p> <p>NHS Ayrshire and Arran - Building for Better Care (£36m)</p> <p>Scottish National Blood Transfusion Service (&lt;£35m)</p> <p>NHS Lothian - NW Partnership Centre (£29m)</p> <p>NHS Lanarkshire - Airdrie Community Health Centre (£27m)</p> <p>Scottish Ambulance Service - Vehicle replacement programme (£26m)</p> <p>NHS Greater Glasgow and Clyde - New Alexandria Medical Centre (£21m)</p> <p>NHS Tayside - Unlicensed Medicine Production Centre (£17-21m)</p>
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**2015 to 2019**

<p><b>Asset Management Programme of Smaller Scale Strategic Investments</b></p> <p>NHS Dumfries and Galloway - Royal Infirmary refurbishment (£230m)</p> <p>NHS Lothian - Royal Hospital for Sick Children and Department of Clinical Neurosciences (&lt;£225m)</p> <p>NHS Lothian -Royal Edinburgh Hospital (£135m)</p> <p>NHS Ayrshire and Arran - Mental Health (£75m)</p> <p>NHS Orkney - Reprovision of Balfour Hospital &amp; Kirkwall Dental Centre (£60-70m)</p> <p>NHS Ayrshire and Arran - Building for Better Care (£36m)</p> <p>Scottish National Blood Transfusion Service (&lt;£35m)</p> <p>NHS Highland - Day Services Centre, Raigmore (£25m)</p> <p>NHS Forth Valley - Stirling Community Hospital (£21-23m)</p> <p>NHS Forth Valley - Primary Care Premises Review (£21m)</p>
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**2020 to 2025**

<p><b>Asset Management Programme of Smaller Scale Strategic Investments</b></p> <p>Developing radical change and reform exemplified in the Christie Report Commission on the Future Delivery of Public Services (£tbc)</p> <ul style="list-style-type: none"> <li>• Procuring innovative medical equipment technology that supports the Quality Strategy (£tbc)</li> <li>• Realising blueprints for the future at major health campus sites at Raigmore, Aberdeen and Western Hospital (£tbc)</li> <li>• Promoting major service redesign in community and primary care facilities (£tbc)</li> </ul>
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**2026 to 2030**

<p><b>Asset Management Programme of Smaller Scale Strategic Investments</b></p> <p>Developing radical change and reform exemplified in the Christie Report Commission on the Future Delivery of Public Services (£tbc)</p> <ul style="list-style-type: none"> <li>• Procuring innovative medical equipment technology that supports the Quality Strategy (£tbc)</li> <li>• Realising blueprints for the future at major health campus sites at Raigmore, Aberdeen and Western Hospital (£tbc)</li> <li>• Promoting major service redesign in community and primary care facilities (£tbc)</li> </ul>
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**Spending Review Period:**

**April 2012 to March 2015**

**2015 to 2019**

**2020 to 2025**

**2026 to 2030**

**Education**

Asset Management Programme of Smaller Scale Strategic Investments
Scotland's Schools for the Future School Building Programme - Capital (£550m)
Scotland's Schools for the Future School Building Programme - NPD (£700m)
Glasgow City Centre Colleges (£200m)
Inverness College (£52m)
Kilmarnock College (£50m)
Glasgow School of Art (£50m)
Technology Innovation Centre (£89m)

Asset Management Programme of Smaller Scale Strategic Investments
Scotland's Schools for the Future School Building Programme - Capital (£550m)
Scotland's Schools for the Future School Building Programme - NPD (£700m)
Glasgow City Centre Colleges (£200m)
Inverness College (£52m)
Kilmarnock College (£50m)

Asset Management Programme of Smaller Scale Strategic Investments
Ongoing investment in educational infrastructure to provide high quality learning environments (tbc)

Asset Management Programme of Smaller Scale Strategic Investments
Ongoing investment in educational infrastructure to provide high quality learning environments (tbc)

**Culture**

Asset Management Programme of Smaller Scale Strategic Investments
Victoria & Albert Museum Dundee (£45m)
Glasgow concert hall and theatre improvements (£24m)

Asset Management Programme of Smaller Scale Strategic Investments
Storage, repairs and maintenance (c£40m)

Asset Management Programme of Smaller Scale Strategic Investments
Storage, repairs and maintenance (c£40m)

Asset Management Programme of Smaller Scale Strategic Investments
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**Spending Review Period:  
April 2012 to March 2015**

**2015 to 2019**

**2020 to 2025**

**2026 to 2030**

**Housing**

Affordable Housing and National Housing Trust (£640m)  
 Fuel Poverty and Energy Efficiency Programmes (£196m)  
 Warm Homes Fund (£50m) within Scottish Futures Fund

Affordable Housing and National Housing Trust  
 Fuel Poverty and Energy Efficiency Programmes (£196m)  
 Warm Homes Fund (£50m) within Scottish Futures Fund

**Regeneration**

Implement Regeneration Strategy

Strategy to inform future regeneration spend

Strategy to inform future regeneration spend

Strategy to inform future regeneration spend

**Sport**

Commonwealth Games investment (£524m including transport and venues)

**Justice**

Asset Management Programme of Smaller Scale Strategic Investments  
 HMP Grampian (£105m)  
 Scottish Crime Campus - Gartcosh (£82m)  
 Resilient mobile telecommunication infrastructure for the blue light services (£65m for Firelink up to 2016)  
 Parliament House Redevelopment (£63m)  
 HMP Shotts - Redevelopment Phase 2 (£36m)  
 HMP Inverclyde (tbc)  
 HMP Stirling (tbc)

Asset Management Programme of Smaller Scale Strategic Investments  
 HMP Glasgow (tbc)

Asset Management Programme of Smaller Scale Strategic Investments

Asset Management Programme of Smaller Scale Strategic Investments

Emergency Services Future Communications Programme to replace existing Airwave services (£500m)

Emergency Services Future Communications Programme to replace existing Airwave services (£500m)

Emergency Services Future Communications Programme to replace existing Airwave services (£500m)

HMP Highland (tbc)  
 HMP Inverclyde (tbc)  
 HMP Stirling (tbc)  
 Scottish Court replacement and rationalisation (£10-20m per court)  
 Criminal Court Complex - Parliament House (£14-20m)

Scottish Court replacement and rationalisation (£10-20m per court)

Annex C:

**Additional Detail  
on Investments  
in the Projected  
Pipeline**

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## ANNEX C: ADDITIONAL DETAIL ON INVESTMENTS IN THE PROJECTED PIPELINE

Project / programme	Capital value (estimate)	Timetable for delivery	Finance and delivery	Strategic links and consideration
<b><u>TRANSPORT</u></b>				
<b>Forth Replacement Crossing</b> Construction of replacement crossing over the Firth of Forth, including network linkages	£1.4-£1.6 billion	Start on site made 2011, programmed completion 2016	Scheme is being delivered via Transport Scotland's capital budget. Contracts for delivery signed in summer 2011.	Provides continuation of a key linkage for the economy of the whole of Scotland, particularly Edinburgh, the Lothians and Fife, ensuring access to employment and supporting sustainable communities and Scotland's vital tourist industry.
<b>High Speed Rail</b> Scotland's inclusion in a UK high speed rail network. Scheme currently proposed includes London, Birmingham, Leeds, Manchester.	To be defined. Estimated £15 billion from NW England (Manchester) including stations. Scottish contribution £8-9 billion.	To be defined (lines to Manchester by 2033).	To be defined.	Economic and environmental benefits to Scotland, strong Benefit Cost Ratio for construction of Scottish section.

<p><b>Edinburgh – Glasgow Rail Improvements</b></p> <p>Improvements increase capacity and reduce journey time between the two cities. Electrification further helps reduce emissions within the corridor.</p>	<p>Equivalent capital value of c £1.1 billion excluding rolling stock</p>	<p>Starting in current control period (2009-2014) will be delivered in phases throughout Control Period 5 (2014-2019)</p>	<p>Infrastructure elements financed via Network Rail's Regulatory Asset Base (RAB) financing facility.</p> <p>EGIP Implementation delivery plan is currently under development in consultation with Network Rail and the Office of Rail Regulation. Its completion will follow the conclusion of phase 1 of the EGIP public consultation.</p>	<p>Key objectives for Scotland's economy include protecting the opportunities for our two largest cities to flourish. This measure provides sustainable mode choices for both commuters and business travellers between the cities, and on their suburban networks, widening the coverage of the electrified railway and reducing travel times whilst increasing capacity.</p> <p>Delivery of the many individual schemes that make up the overall programme will require the use of locally based labour, protecting employment and jobs in the rail and civil engineering sector.</p>
<p><b>A90 Aberdeen Western Peripheral Route (AWPR)</b></p> <p>A bypass for Aberdeen linking the A90 (S) at Charleston with the A90 (N) at Blackdog. A fastlink will link the AWPR with the A90 (S) at Stonehaven.</p>	<p>£295 - £395 million</p>	<p>To be reviewed once the legal challenges submitted to the Court of Session have been resolved.</p>	<p>NPD, package to include Balmedie-Tipperty scheme (below)</p>	<p>Key objectives for Scotland's economy include protecting the opportunities for our largest cities to flourish.</p> <p>Ministers have committed to improvements to Haudagain Roundabout following completion of the APWR</p>

<p><b>A90 Balmedie to Tippetty</b></p> <p>The construction of eight kilometres of new dual carriageway between Balmedie and Tippetty</p>	<p>£53-£63 million</p>	<p>To be reviewed once the legal challenges submitted against the AWPR have been resolved in the Court of Session.</p>	<p>NPD, packaged together with AWPR.</p>	<p>Provides continuous dual carriageway between Aberdeen and Ellon, removing the bottleneck caused by the existing single carriageway. The local community have been pressing for this upgrade for a number of years.</p>
<p><b>Borders Railway</b></p> <p>Reinstatement of the former Waverley Line between Edinburgh and Tweedbank</p>	<p>Capital value £235-£295 million (in 2012 prices)</p>	<p>Work expected to start on site in summer 2012. Operational railway in December 2014.</p>	<p>RAB. In addition, there will be a capped contribution from the City of Edinburgh, Midlothian and Scottish Borders Councils.</p>	<p>Provides an important addition to maintaining the labour market catchment of the Edinburgh economic area through more sustainable travel choices.</p>
<p><b>Glasgow Subway Modernisation</b></p> <p>Major modernisation includes a smartcard ticketing system linked to wider integrated ticketing; new rolling stock and signalling; refurbished stations with improved accessibility including replacing escalators..</p>	<p>£287.5 million</p>	<p>2011 to 2019</p>	<p>Mixture of private sector borrowing by Strathclyde Partnership for Transport (SPT), SPT's subway modernisation fund, potentially ERDF and capital grant to SPT.</p>	<p>The Subway forms a key part of the travel to work options for the City, and a meaningful reduction in the number of trips made by less sustainable means. The modernisation protects this form of travel, continues to offer real choices, and the opportunity for employment in undertaking the modernisation for workers in the west of Scotland.</p>



<p><b>M8 M73 M74 Motorway Improvements</b></p> <p>Completion of the M8 between Edinburgh and Glasgow upgrading M74 Raith Junction and associated network improvements.</p>	<p>£280-335 million</p>	<p>Operational by 2016-17 (detailed timetable subject to review)</p>	<p>NPD.</p>	<p>Key objectives for Scotland's economy include protecting the opportunities for our two largest cities to flourish.</p>
<p><b>Paisley Corridor rail improvements</b></p> <p>Enhancement of the existing railway between Glasgow Central and Paisley Gilmour Street Stations.</p>	<p>£209 million</p>	<p>2012</p>	<p>RAB</p>	<p>Provides improved connectivity from the Ayrshire and Inverclyde commuter market into Glasgow protecting the economic prosperity of the City region.</p>
<p><b>Glasgow Terminal Stations</b> (West of Scotland Strategic Rail Enhancements)</p> <p>Capacity improvements to allow continued growth in rail travel into Glasgow as well as protect the longer term delivery of High Speed Rail</p>	<p>STPR estimate in range £1.3-£3 billion</p>	<p>Beyond 2019</p>	<p>To be determined once scheme developed</p>	<p>Railways in Scotland perform a vital function in providing for commuter traffic into our largest cities, providing the means to transport freight around not only Scotland but further and, through increasing electrification, making a real contribution to our climate change commitments.</p>

<p><b>A9 Dual-carriageway (Perth to Inverness)</b> Phased improvements to the existing A9</p>	<p>STPR estimate in range £1.5-£3 billion</p>	<p>Phased programme of schemes from 2017 onwards.</p>	<p>Specific additional delivery models will be developed</p>	<p>The sustainable economic growth of Scotland needs the strategic transport network to be available for workers and employers to access those areas where employment can grow, provide efficient access to markets and ensure inward investment opportunities are captured.</p>
<p><b>A96 Dual-carriageway</b> Phased improvements of the A96 between Inverness and Aberdeen</p>	<p>STPR estimate for Inverness to Nairn in range £250-500 million</p>	<p>Phased programme of schemes from 2017 onwards.</p>	<p>Specific additional delivery models will be developed</p>	<p>The sustainable economic growth of Scotland needs the strategic transport network to be available for workers and employers to access those areas where employment can grow, provide efficient access to markets and ensure inward investment opportunities are captured.</p>
<p><b>Targeted Bypass Schemes</b> Schemes identified in STPR, including Maybole and Nairn</p>		<p>Phased programme of schemes from 2017 onwards</p>	<p>Specific additional delivery models will be developed</p>	<p>These schemes contribute to the continued economic wellbeing on Scotland seeking to manage specific congestion points on the strategic travel network</p>

<p><b>Targeted Trunk Road Improvements</b></p>		<p>Schemes to be delivered post 2017 as funding becomes available.</p>	<p>Capital allocation</p>	<p>Continue the effective operation of the trunk road network, providing opportunities for overtaking and improved safety. Includes schemes identified within the Route Action Programmes for strategic network.</p>
<p><b>A82 Improvements</b> Upgrading the road standard along Loch Lomondside, improved overtaking opportunities Tyndrum to Glen Coe and speed management measures between Ballahulish and Fort William</p>	<p>£200-£250 million</p>	<p>Beyond 2017 as funding becomes available.</p>	<p>Work is currently underway to understand the environmental and engineering challenges along Loch Lomondside. Individual schemes are likely to be capital funded from Transport Scotland.</p>	<p>Continue the effective operation of the A82, providing opportunities for overtaking and improved safety.</p>
<p><b>Aberdeen – Central Belt rail improvements</b></p>	<p>Total in STPR in range £250-600 million</p>	<p>Beyond 2019</p>	<p>Mixture of RAB and Transport Scotland capital</p>	<p>Railways in Scotland perform a vital function in providing for commuter traffic into our largest cities, providing the means to transport freight around not only Scotland but further and, through increasing electrification, making a real contribution to our climate change commitments</p>

<p><b>Clyde Fastlink</b> Dedicated bus corridor between the city centre, SECC &amp; Southern General Hospital.</p>	<p>£40 million</p>	<p>2011-2014</p>	<p>Combination of works already carried out and paid for by SPT and its partners plus Capital Grant to SPT.</p>	<p>Fastlink will contribute to improved access to health and provides obvious benefits for the 2014 Commonwealth Games.</p>
<p><b>Aberdeen – Inverness Rail Improvements</b></p>	<p>STPR range of £250-500 million</p>	<p>Phased programme over period 2015 onwards</p>	<p>Mixture RAB and Transport Scotland capital</p>	<p>Railways in Scotland perform a vital function in providing for commuter traffic into our largest cities, providing the means to transport freight around not only Scotland but further.</p>
<p><b>Highland Main Line</b> Upgrading the Highland Main Line between Perth and Inverness by adding passing loops and increasing line speeds.</p>	<p>£250 - £600 million</p>	<p>Phased programme over period to 2025</p>	<p>Mixture of RAB and Transport Scotland capital</p>	<p>Transport Scotland is working closely with Network Rail to examine the feasibility of this project. The first phase of minor infrastructure enhancements due for completion in 2011, with phase 2 being progressed at a later date.</p>
<p><b>Intelligent Transport System</b></p>	<p>£80 million</p>	<p>2015</p>	<p>Mixture of capital and capital and maintenance expenditure</p>	<p>National control centre and roadside infrastructure such as CCTV.</p>

<p><b>Low Carbon Transport</b></p> <p>Low Carbon Vehicle technology, progress to deliver vehicle charging infrastructure through the UK Plugged in Places initiative, promotion of active travel choices through support for cycling and walking initiatives and the further development of cycling infrastructure and freight modal shift.</p>		<p>Over period to 2022 to meet Scottish Government commitments under the RPP</p>	<p>Scottish Government capital budget</p>	<p>Schemes and measures to meet the climate change commitments for the Transport Sector set out in the Report on Policies and Programmes (RPP), These proposals together offer real opportunities to achieve reductions in transport emissions through supporting: the decarbonisation of transport, building sustainable communities, and improving the road network efficiency as well as improving business productivity via more efficient use of transport.</p>
<p><b>Maintaining Accessibility for all</b></p> <p>Support the infrastructure necessary to ensure that ferry, lifeline air and inland waterway journeys can continue.</p>		<p>Ongoing programme of investment</p>	<p>Principally through Transport Scotland capital grant</p>	<p>Offering real mode choices is critical to achieving the purpose of sustainable economic growth, particularly across the diverse geography of Scotland. Many of Scotland's places and people depend on these services for both employment and the continued vitality of their local areas. The delivery of these services is subject to regular competitive tender and provide employment for workers across Scotland.</p>

<p><b>Stornoway – Ullapool ferry</b></p> <p>New tonnage for the route to replace 2 current vessels one of which will no longer be available after October 2013</p>	<p>£45 million</p>	<p>2011-2013</p>	<p>Operating lease taken out by Caledonian Maritime Assets Ltd with a financial institution. Lease funded through payments by ferry operator (CalMac).</p>	<p>Maintains key arterial route for freight and passengers between Western Isles and Scottish mainland at Ullapool including connecting coach services to Inverness. Meets increased demand induced by Road Equivalent Tariff pricing policy.</p>
<p><b>Ferry and harbour projects</b></p> <p>A programme of new vessels and harbour works undertaken by CMAL and independent harbour trusts to maintain the safe and efficient operation of the internal ferries network.</p>	<p>£400 million</p>	<p>2011-2022</p>	<p>First 2 hybrid ferries funded by Transport Scotland loans. Further schemes will be funded through a combination of Transport Scotland capital grants and loans, investment by CMAL and independent harbour trusts and revenue funding options including operating leases.</p>	<p>Maintains ferry services between island communities and the mainland ensuring the economic, social and cultural wellbeing and survival of these communities. This can include direct access to job and, in the case of smaller islands, to services such as health and education.</p>

<p><b><u>DIGITAL</u></b></p>	<p><b>Next Generation Broadband Action Plan</b></p> <p>Delivering the ambition for next generation broadband to all by 2020, with significant progress by 2015, as set out in Scotland's Digital Future: A Strategy for Scotland<sup>52</sup> is one of the Government's top priorities.</p> <p>We will seek to optimise public sector investment in broadband infrastructure and leverage maximum levels of private sector investment to improve broadband coverage in Scotland.</p>	<p>The total cost of rolling-out next generation broadband across Scotland is not known, however, it is understood that it will cost at least several hundred millions.</p> <p>The funding currently identified during this Parliamentary term is £144.3 million.</p>	<p>We will announce further details of our approach in January 2012, and publish a full detailed plan with funding proposals before the end of March 2012.</p> <p>This investment will be to 2015-16 and the action plan will outline future investment strategies to meet the 2020 target.</p>	<p>Current available funding is around £144.3 million (based on £68.8 million of £530 million UK funding – SG will continue to press for additional UK funding; £50 million Next Generation Digital Fund; and up to £25.5 million EU funding.</p> <p>Local Government and other public sector may also be in a position to contribute.)</p>	<p>Availability of next generation broadband connectivity is critical to Scotland's future. Such connectivity will support future innovation in the digital economy and ensure Scotland's business base can remain competitive in the global digital environment. It will enable delivery of the future generation of digital public services which are easier, quicker and more convenient for people to use, and are lower cost than other methods. It will help the transition to a low carbon economy – allowing people to travel less and work from home. It will drive rural economic growth and competitiveness, creating more and better jobs and opening up new opportunities for different ways of living and working that encourage strong and growing rural towns and villages and respects and protects our environment.</p>
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<sup>52</sup> <http://www.scotland.gov.uk/Publications/2011/03/04162416/0>

<p><b><u>ENERGY</u></b></p>	<p><b>Renewable Energy, including district heating</b></p> <p>Implementation of the Scottish Renewables Routemap</p>	<p>The SR2011 identified spending on Renewable energy of over £200 million over the Spending review period. In addition the agreement by the UK Government to release the Fossil Fuel levy funds will mean an additional £103 million over that period</p>	<p>Spending Review period</p>	<p>A range of projects will be supported, including:</p> <ul style="list-style-type: none"> <li>• Funding to support offshore renewables, including the Prototype Offshore Wind Energy Renewables Support (POWERS) development fund;</li> <li>• The District Heating Loan Fund;</li> <li>• Support for Infrastructure and technology development in Marine Energy; and</li> <li>• Scaling up of Communities and Renewable Energy Scheme (CARES) fund.</li> </ul>	<p>The District heating Loan Fund will be part of driving these policies forward – helping to maximise the replacement of traditional heating with low carbon and renewable heat in order to meet our target of 11% of heat demand from renewable sources by 2020 and help to reduce carbon emissions. In addition to this, we aim to maximise the benefits for communities from access to locally produced and affordable renewable and low carbon heat.</p>
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<p><b>Grid upgrades</b></p> <p>Scotland faces significant challenges in grid capacity constraints and infrastructure development requirements, underpinned by a regulatory regime that needs to change to encourage a broad energy mix.</p>	<p>The two Scottish Transmission Network companies are working with Ofgem to upgrade transmission networks across Scotland.</p> <p>ScottishPower has recently submitted proposals to Ofgem outlining £3 billion of grid investments over the next 10 years. Scottish and Southern Energy have submitted plans to invest £3-£5 billion over the same period.</p>	<p>Some reinforcements are already delivered; some are underway; and some are longer term projects.</p>	<p>Detailed funding and technical work is being taken forward by the Electricity Networks Strategy Group and by the ISLES project .</p> <p>NPF2 identified onshore reinforcement upgrades are underway and are at various stages of development .</p> <p>There are other grid connection plans for the main island groups, e.g. the Western Isles link could cost around £450 million with a similar sum for connecting Shetland to the Scottish mainland.</p>	<p>Good electricity grid connection is essential to the social and economic wellbeing of communities.</p> <p>Scotland’s grid system needs significant reinforcement to ensure that Scotland delivers its energy potential, maintains security in our energy supply to homes and businesses, and meets our renewable energy and climate change commitments.</p> <p>The Government’s goal is to deliver Scotland’s significant energy potential. It also aims to ensure that renewable and small generators do not face significant connection delays, unnecessarily high costs or administrative burdens in applying for or obtaining connection to distribution networks.</p>
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<p><b>Development of carbon capture and storage infrastructure (cluster investment plan)</b></p> <p>Scottish Enterprise, in partnership with the Scottish Government, key industry players and leading research bodies, is developing a carbon capture and storage (CCS) Cluster Investment Plan to drive forward the development of CCS opportunities in Scotland.</p>	<p>tbc</p> <p>The study, when it is published, will map out our existing strengths in infrastructure, assess offshore storage capacity and estimate the level of investment required for Scotland to meet its CCS ambition.</p>	<p>Scottish Enterprise will publish the CCS cluster investment plan shortly.</p>	<p>Most of the investment in infrastructure is expected to be met by the private sector. The potential public sector contribution is yet to be quantified.</p>	<p>The economic opportunities for the development of a CCS-based industry are considerable and it is estimated a whole new industry could emerge in Scotland, which could support up to 10,000 new jobs in the next 10 years. Global market potential is estimated to be worth around £5000 billion.</p> <p>CCS will be a key global tool in the fight against climate change, given that some 40 per cent of global emissions are associated with coal.</p>
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<p><b>National Renewables Infrastructure Fund (N-RIF)</b></p> <p>The £70 million National Renewables Infrastructure Fund (N-RIF) was created by Scottish Enterprise (SE) to strengthen port and manufacturing facilities and supply chain provision for manufacturing <b>offshore wind</b> turbines and related components.</p> <p>An additional £40 million is required by SE to support key developments, which includes £10 million that HIE has identified for these purposes within its own area.</p> <p>Also, the subsequent phase of N-RIF will assess key locations for manufacture, deployment and operations and maintenance (O&amp;M) for <b>wave and tidal projects</b>. Initial costs identified by HIE amount to £37 million.</p>	<p>The National Renewables Infrastructure Plan (N-RIP) Stage 2 Report, published in July 2010, highlighted that £223 million investment in key port and landside infrastructure could support an offshore wind sector manufacturing 750 complete offshore wind units per year, creating c 5, 180 manufacturing jobs and an annual economic impact of £295 million per year.</p>	<p>The fund will be operational to 2015, with applications judged on their merits on an ongoing basis. Support from the fund is potentially additional to Regional Selective Assistance or European Selective Assistance, subject to state aid rules on overall levels of assistance.</p>	<p>The SE Board will dedicate up to £70 million of funding for advancing N-RIP over the next four years. The funding will operate in line with N-RIP, and the first phase will focus on targeted investment in port and near-port manufacturing for offshore wind turbines. Specific expenditure on an annual basis will depend upon proposals received, timing of funding requirement and factors including the level of market interest associated with each site.</p> <p>N-RIF aims to offer a flexible approach to funding these projects. This could be in the form of grant funding or preferably, as joint investment funding.</p>	<p>N-RIF should help secure Scotland's place at the forefront of the global offshore wind industry. The fund is expected to leverage significant private sector investment in the next four years and help deliver an estimated 28,000 jobs and £7.1 billion in value to Scotland's economy over the coming decade.</p>
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<p><b><u>WATER</u></b></p>	<p><b>Scottish Water Investment Programme</b></p>	<p>For each regulatory period, Scottish Water is directed by Ministers to deliver improvements to customer service, drinking water, the environment.</p>	<p>£2.5 billion</p>	<p>The current set of Investment Objectives cover the period 2010-15 and are available on the <u>Government's website</u><sup>53</sup>.</p>	<p>Scottish Water's investment programme in financed from charges from customers and borrowing from the Scottish Government. The levels of borrowing are set by Ministers in their Statement on the <u>Principles of Charging</u><sup>54</sup>. Customer charges are determined by Scottish Water's economic regulator, the Water Industry Commission for Scotland. The WICS published charges in its <u>Final Determination</u><sup>55</sup> in November 2009.</p>	<p>This investment will secure a modern and efficient water service which is an essential element of a dynamic economy.</p> <p>Scottish Water will invest £2.5 billion during the period 2010-15 which contributes significantly to economic growth and supports an estimated 5,000 jobs directly in the civil engineering, construction and design sectors - roughly 20% of the market in these sectors in Scotland.</p> <p>In the period 2006-10, Standards of service improved by 76%. Service levels in Scotland are now comparable with England and Wales. By 2015, Scottish Water will provide one of the best value for money water and sewerage packages in the UK.</p>
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<sup>53</sup> Ministers' Investment Objectives for 2010-15 may be viewed at: <http://www.scotland.gov.uk/Topics/Business-Industry/waterindustry/scot/improvingservices/currentimprovement>

<p><b><u>HEALTH</u></b></p>	<p><b>General Hospital and Maternity Services, NHS Fife</b></p>	<p>Re-alignment of services across two existing local general hospitals, with Fife's trauma critical care and specialist inpatient services being centralised at Kirkcaldy.</p>	<p>£170 million</p>	<p>Handover is programmed for 28 October 2011.</p>		<p>The re-aligned services in re-designed buildings will allow services to be made more clinically effective by supporting more efficient patient pathways. This development will improve access to, and waiting times in relation to the provision of secondary care services</p> <p>The facility will maximise patient safety and promote physical health and well-being.</p> <p>The AEDT and BREEAM design and environmental standards will be applied to make more efficient use of energy and lower carbon emissions contributing to more sustainable environmental practices.</p>
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<sup>54</sup> The Government's Statement on the Principles of Charging for 2010-15 may be viewed at: <http://www.scotland.gov.uk/Topics/Business-Industry/waterindustry/scot/latest-news/poc10to15>

<sup>55</sup> The Final Determination of charges for 2010-15 may be viewed at: [http://www.watercommission.co.uk/view\\_Determination.aspx](http://www.watercommission.co.uk/view_Determination.aspx)

<p><b>NHS Dumfries and Galloway - Acute Mental Health Development</b></p> <p>New build 85 bed acute mental health facility.</p>	<p>£27.2 million</p>	<p>In construction. Due to be operational in December 2011.</p>	<p>Capital funded via Frameworks Scotland</p>	<p>This development creates modern, state of the art facilities for acute mental health assessment and treatment to replace outdated, unfit for purposes wards. It is intended that this development creates an exemplar facility which will improve and enhance the healing process of patients and create an excellent working environment for staff to deliver enhanced care.</p>
<p><b>NHS Lanarkshire - Airdrie Community Health Centre</b></p> <p>New build community health centre at Graham Street, Airdrie.</p>	<p>£27 million</p>	<p>In construction</p>	<p>Capital funded</p>	<p>North Lanarkshire has a high proportion health and social deprivation in its population with poor mental and physical health a consequence of social, economic and environmental inequalities. The Resource centre addresses the strategic objectives of healthier, wealthier and fairer, smarter and safer by addressing behaviours such as smoking; alcohol misuse; diet and inactivity that shape educational achievement; income and work status.</p>

<p><b>NHS Lothian - Royal Victoria Hospital</b></p> <p>Reprovision of all services at present based on the Royal Victoria Hospital site. This includes in patient and out patient services for Medicine of the Elderly and Psychiatry of Old Age, Laboratory Van depot, Adult Mental Health Day Unit</p>	<p>£43.6 million</p>	<p>In Construction. Operational in 2012.</p>	<p>Capital funded</p>	<p>The new facility will allow access to on-site diagnostic services, reducing inequality in service provision for the elderly and eliminating travel to neighbouring health facilities. Service redesign addresses current privacy and dignity standards and control of infection standards. In improving clinical effectiveness, inequality and reducing travel the scheme contributes to healthier, safer and greener strategic objectives</p>
<p><b>NHS Greater Glasgow and Clyde - New South Glasgow Hospitals and Laboratory Facility Project</b></p> <p>Design and Build Project for the construction of a New Adult Acute Hospital, New Children's Hospital and New Laboratory Facility on the Southern General Hospital site.</p>	<p>£841.7 million</p>	<p>In construction. Operational in 2015.</p>	<p>Capital funded</p>	<p>Provision of high quality services which are timely, accessible and consistently available by providing local access to core medical and surgical services and consolidating specialist and tertiary services on fewer sites within the city</p>

<p><b>NHS Grampian - Emergency Care Centre</b> New build acute hospital extension to Aberdeen Royal Infirmary, Foresterhill at 30,837 square metres internal space provided over ten storeys.</p>	<p>£109 million</p>	<p>In construction. Operational in 2013.</p>	<p>Capital funded</p>	<p>The development has been planned in parallel with the NHS Grampian Health Plan, the Aberdeen Royal Infirmary Blueprint and the Foresterhill Development Framework and which references the need to deliver services to become a significant stage in the redevelopment of the Foresterhill campus. This will involve rationalisation of facilities, a reduced carbon footprint and above all efficient patient care that ensure better access to quality unscheduled and in-patient care.</p>
<p><b>NHS Tayside - Unlicensed Medicines</b> Access to Unlicensed Medicines in NHS Scotland</p>	<p>£21 million</p>	<p>Construction to start in 2013. Operational in 2015.</p>	<p>Revenue funded through East Central hub.</p>	<p>The initial agreement proposes a way forward that would rationalise the use of sites and still ensure that all patients in Scotland have access to unlicensed medicines. This will be achieved the local Property and Asset Management Strategy seeks to reduce waste and duplication, improve asset utilisation and build a facility to BREEAM standards</p>



<p><b>NHS Ayrshire and Arran - Mental Health</b></p> <p>Integrated mental health and community hospital facility. The purpose is to provide acute mental health in-patient facilities on a central site.</p>	<p>£75 million</p>	<p>2016</p>	<p>Revenue funded through NPD model</p>	<p>The co-location of services to support patient pathways will improve access times for early intervention and improved outcomes. The facility will maximise patient safety and promote physical and mental health and well-being. BREEAM principles will be applied to make more efficient use of energy and lower carbon emissions contributing to more sustainable environmental practices</p>
<p><b>NHS Dumfries &amp; Galloway - Dumfries &amp; Galloway Royal Infirmary Redevelopment</b></p> <p>Infirmary redevelopment. The purpose is to re-provide acute hospital services which are compliant with modern standards of care and provide a high quality environment for staff, patients and visitors.</p>	<p>£230 million</p>	<p>TBA</p>	<p>Revenue funded through NPD model</p>	<p>The re-provision of re-designed buildings will allow services to be made more clinically effective by supporting more efficient patient pathways. The facility will maximise patient safety and promote physical health and well-being. AEDT and BREEAM design and environmental standards will be applied to make more efficient use of energy and lower carbon emissions contributing to more sustainable environmental practices.</p>

<p><b>NHS Lothian - Royal Hospital for Sick Children and Department for Clinical Neurosciences</b></p> <p>Re-provision of children's services and neurosciences to Little France. The purpose is allow for more effective clinical pathways for patients, more efficient working practices for staff and contribute towards SG targets relating to the environment.</p>	<p>&lt;£225 million</p>	<p>TBA</p>	<p>Revenue funded through NPD model</p>	<p>The re-provision of re-designed buildings will allow services to be made more clinically effective by supporting more efficient patient pathways. The facility will maximise patient safety and promote physical health and well-being. The AEDET and BREEAM design and environmental standards will be applied to make more efficient use of energy and lower carbon emissions contributing to more sustainable environmental practices.</p>
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<p><b>NHS Orkney - Reprovision of Balfour Hospital and Kirkwall Dental Centre</b></p> <p>The project will provide a new integrated Hospital and Kirkwall Dental Centre, serving the population of Orkney. The purpose of replacement premises is to improve healthcare, patient safety and accessibility, whilst also facilitating outcomes of ongoing redesign programmes and supporting integrated working across NHS, local authority and community based services.</p>	<p>£70 million</p>	<p>TBA</p>	<p>Revenue funded through NPD model</p>	<p>The re-provision of re-designed buildings will allow services to be made more clinically effective by supporting more efficient patient pathways. A dedicated emergency theatre, adequate bed spacing, provision of single beds are all necessary to address high risk areas and meet current standards.</p> <p>The facility will maximise patient safety and promote physical health and well-being.</p> <p>The present infrastructure is not energy efficient as demonstrated by the relatively poor performance in CO2 emissions per square meter evidenced in Health Facilities Scotland's data.</p>
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<p><b>Scottish National Blood Transfusion Service</b></p> <p>Rationalisation of the existing estate. The purpose is to consolidate SNBTS blood processing and testing, tissues and cells and other functions onto a single site in the central belt and ensuring facilities are statutorily compliant.</p>	<p>&lt;£35 million</p>	<p>TBA</p>	<p>Revenue funded through NPD model</p>	<p>This project seeks to meet the blood transfusion needs of patients in Scotland. It contributes to Safer and Stronger objectives, as it ensures that blood and tissue supplies are not compromised in terms of capacity and regulatory compliance</p> <p>AEDET and BREEAM design and environmental standards will be applied to make more efficient use of energy and lower carbon emissions contributing to more sustainable environmental practices.</p>
<p><b>NHS Lothian - Reprovision of Royal Edinburgh Hospital</b></p> <p>Developing fit for purpose accommodation for adult acute mental health beds, psycho-geriatric beds, out patient and a range of support singly system services.</p>	<p>£135 million</p>	<p>To be determined through review.</p>	<p>Tbc</p>	<p>NHS Lothian's Mental Health and Wellbeing Strategy supports the shift in the balance from hospital-based care to services where care and treatment is available in the community as near to home as possible. This reprovision remains a central component of the Mental Health and Wellbeing Strategy which in turn the Scottish Government's strategic objective of a healthier Scotland.</p>

<p><b>NHS Ayrshire &amp; Arran - Building For Better Care</b></p> <p>Redesign 'Front Door' by enhancing level of Accident &amp; Emergency Services delivered by Consultants in Emergency Medicine at Ayr and Crosshouse Hospitals to provide single point of access to A&amp;E, Minor Injury and Illness Service, and, Ayrshire Doctors On Call Service .</p>	<p>£35.8 million</p>	<p>To be determined through the Business Case process.</p>	<p>Frameworks Scotland - NHS Scotland capital procurement arrangement.</p>	<p>The development of Consultant led A&amp;E Departments at both Ayr and Crosshouse Hospitals, with senior medical decision making at front door of both hospitals. –The provision of experienced specialist teams to manage and provide new models of care to encourage a 'Decide To Admit ' culture rather than ' Admit To Decide' . The project will use new modern state of the art technologies maximising more efficient use of energy / lower carbon emissions and more sustainable environmental practices, in line with BREEM Healthcare principles.</p>
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<p><b><u>SCOTLAND'S SCHOOLS FOR THE FUTURE</u></b></p>	<p><b>Scotland's Schools for the Future</b></p> <p>£1.25 billion school building programme, to replace or refurbish at least 55 schools across the country.</p>	<p>£1.25 billion, of which £800 million direct from the Scottish Government</p>	<p>2010-11 to 2017-18</p>	<p>£800 million of Government funding support will be delivered by a mixture of capital and revenue funded. It is expected that £350 million will be capital, with £450 million revenue funded.</p>	<p>The school building programme will help create good learning environments fit for delivery of Curriculum for Excellence, reducing the numbers of pupils in crumbling schools.</p> <p>The new schools will meet the highest standards of sustainability, helping meet climate change targets.</p> <p>The programme will provide employment opportunities across Scotland, with every local authority area receiving funding support for at least one building project.</p>
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<p><b><u>FURTHER AND HIGHER EDUCATION</u></b></p>	<p><b>Glasgow School of Art</b> The redevelopment of the site opposite the Macintosh building on Garnethill – demolition of current buildings and replacement with new build.</p>	<p>£50 million</p>	<p>2011 site start 2014 completion</p>	<p>Capital grant funded by SFC (this may be direct capital grant or through SFC's loan support mechanism, or a combination of both)</p>	<p>This project will deliver a modern and flexible university building that enable learners to gain the skills needed to effectively contribute as part of Scotland's workforce.  It will also deliver facilities and equipment to ensure Glasgow School of Art remains competitive on an international scale  The project is targeting significant carbon reduction and other sustainability measures to deliver on the Government commitment to climate change.</p>
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<p><b>Technology Innovation Centre (TIC) based at the University of Strathclyde (U of S)</b> focusing on energy and enabling technologies</p> <p>The TIC will draw in relevant knowledge and expertise from all Scottish HEIs to meet demand-side interest from major energy companies, such as SSE and its partners to work collaboratively with the Scottish research community to develop new and innovative technology projects for this sector</p>	<p>The total estimated cost of the TIC building is £89 million.</p>	<p>It is planned that the building tender will be issued in February 2012 and a main contract awarded in June 2012. A phased occupation of the building is planned to start at end of 2013.</p>	<p>The Council is committed to working in partnership with Scottish Enterprise and the U of S to create a building which will deliver a hub for knowledge exchange activities and facilitate enhanced collaboration between the Scottish research base and business in the energy sector and wider. SFC's contribution to the total cost of creating the TIC is £15 million, with Scottish Enterprise contributing a further £11 million</p>	<p>The Centre's activities are demand-driven and aim to lead to outcomes which are innovative, wide-ranging and large-scale with the potential of creating significant impact for Scotland in the energy sector in terms of new products, processes and high skill jobs.</p>
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<p><b>City of Glasgow College</b></p> <p>The consolidation and development of the College estate on two sites.</p>	<p>£200 million</p>	<p>2013 site start 2016 completion</p>	<p>Revenue funded via NPD. Delivered by the college project team working with the private sector.</p>	<p>This project will provide modern and flexible college buildings that enable learners to gain the skills needed to effectively contribute as part of Scotland's workforce.</p> <p>The project will also focus on commitment to carbon management and emissions reductions which will contribute towards the Government's commitment to climate change.</p>
<p><b>Inverness College</b></p> <p>The relocation of the College to Inverness Campus. Inverness College is a partner in the UHI network delivering 25% of total higher education provision in the region.</p>	<p>£52 million</p>	<p>2013 site start 2015 completion</p>	<p>Revenue funded via SFT's NPD model. Delivered by the college project team working with the private sector.</p>	<p>This project will provide a modern and flexible college building that enable learners to gain the skills needed to effectively contribute as part of Scotland's workforce.</p> <p>The project will also focus on commitment to carbon management and emissions reductions which will contribute towards the Government's commitment to climate change.</p>

<p><b>Kilmarnock College</b></p> <p>The relocation of the College to part of a town centre site previously occupied by Diageo.</p>	<p>£50 million</p>	<p>2013 site start 2015 completion</p>	<p>Revenue funded via SFT's NPD model. Delivered by the college project team working with the private sector.</p>	<p>This project will provide a modern and flexible college building that enable learners to gain the skills needed to effectively contribute as part of Scotland's workforce.</p> <p>The project will also focus on commitment to carbon management and emissions reductions which will contribute towards the Government's commitment to climate change.</p>
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<p><b><u>HOUSING</u></b></p> <p><b>Affordable housing</b> and National Housing Trust</p> <p>The completion of 30,000 affordable homes over the five years of the Parliament..</p>	<p>£630 million</p>	<p>March 2015</p>	<p>Working with Councils, housing associations and private developers across Scotland, we are committed to investment and leverage programmes to fund new housing. This includes our own housing investment and procurement of more new affordable homes for rent through the National Housing Trust initiative (NHT).</p>	<p>Housing is a key part of our physical, economic, and social fabric. It is also critical to the wider development of our ambitions in Place. Whilst housing quality is a key factor in the quality of individual and family life it also has important economic impacts. In the short term, government funded house construction can provide extremely valuable support to industry in times of economic downturn.</p> <p>Over the longer term, a well functioning housing system is a key component of a society's infrastructure. A large stock of good quality, appropriate housing will help us achieve the country's full potential through better employment opportunities, healthier lives and a more prosperous and equal society.</p>
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<p><b>Fuel Poverty and Energy Efficiency programmes</b></p> <p>Continuation of fuel poverty and energy efficiency programmes to tackle fuel poverty and contribute to energy efficiency and climate change commitments.</p>	<p>£196 million</p>	<p>2012 - 2015</p>	<p>Schemes are being delivered through Housing and Regeneration's Capital and Revenue Budget (£62.5 million capital and £133.5 million resource). The Energy Assistance Package is delivered under a contract.</p>	<p>Contributes to the delivery of the Scottish Government's targets on domestic Energy Efficiency, Fuel Poverty and Climate Change Act commitments. Commitments related to Scottish Government housing programmes within the Report on Proposals and Policies under the Climate Change Act are fully funded. We will aim to lever in additional support from other sources e.g. Energy Companies obligations.</p>
<p><b>Warm Homes Fund</b></p>	<p>£50 million</p>	<p>2012 - 2016</p>	<p>Part of the Scottish Futures Fund. Details to be developed in consultation with stakeholders.</p>	<p>Intended to support Energy Efficiency, Renewable Energy and other measures to help those in Fuel Poverty.</p>

<p><b><u>REGENERATION</u></b></p>	<p>Implement regeneration strategy – details to be confirmed within the Regeneration Strategy</p>	<p>Regeneration Investment Fund Capital amount of £150 million over SR period (2012-13 to 2014-15)</p>	<p>2011-2022 NB – Capital fund includes £50 million JESSICA fund which is an evergreen/revolving fund with money being recycled and reinvested into new projects over its lifetime.</p>	<p>Capital funds. Allocation to be determined as part of the Regeneration Strategy. £50 million of which is used for investments (JESSICA) which generate a return for reinvestment over a 10 year period.</p>	<p>Regeneration activity is focussed on ensuring that people live in socially, physically and economically sustainable communities. For JESSICA funds will be invested in projects which meet the ERDF Priority 3 eligibility criteria - 13 LA areas. These areas account for the highest share of population in the 15% most deprived data-zones, as measured by the Scottish Index of Multiple Deprivation.</p>
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<p><b><u>CULTURE</u></b></p>	<p><b>V&amp;A at Dundee</b></p>	<p>New high-profile museum on Dundee waterfront bringing an internationally recognised brand, and major cultural institution, to Scotland for the first time, broadening public access to its collections and celebrating Scotland's historic importance in design. A new centre for exhibition, education, research and innovation</p>	<p>£45 million.</p>	<p>Completion by end 2015</p>	<p>Financed from a mix of Scottish Government, lottery, European and private funding. Delivered by project partnership Scottish Enterprise, the University of Dundee and University of Abertay Dundee, Dundee City Council and the Victoria and Albert Museum – with Dundee City Council responsible for design and build.</p>	<p>Project is magnet for economic regeneration of Dundee and is already associated with attracting new business to Dundee (e.g. Malmaison Hotel). It is expected that there will be significant tourism and employment benefits from the project. The project will also be a place for the cultivation of design innovation.</p>
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<p><b>Storage, repairs and maintenance at national cultural and heritage organisations</b></p> <p>Rationalisation of the storage requirements, possible disposal of assets (unsuitable stores requiring significant repair), shared services through co-location of storage, and maintenance of remainder of existing estate.</p>	<p>To be confirmed following review of estates, but likely to be around £40 million.</p>	<p>By 2021 – work can be phased over a 10 year period.</p>	<p>Construction of new storage and maintenance of existing estate will need to be largely Scottish Government funded as maintenance and storage will be unlikely to attract lottery or private sector funding.</p>	<p>More efficient and high-quality public services: new storage will allow the rationalisation of the storage estate and more efficient access to collections.</p> <p>Reducing the amount of floorspace required through more modern and more appropriate storage. Allowing disposal of outdated and high-maintenance storage facilities.</p> <p>Opportunities to share facilities wherever possible and share costs such as security and transport</p>
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<p><b>Glasgow 2014: concert hall and theatre improvements</b></p> <p>To increase public access to national performing companies in Glasgow (Royal Concert Hall and Theatre Royal), and improved public facilities, in time for culture festival for 2014 Commonwealth Games; to provide better quality and more efficient working facilities for Royal Scottish National Orchestra at the Royal Concert Hall.</p>	<p>£23.5 million (£13.5 million for Royal Concert Hall, £10 million for Theatre Royal).</p>	<p>Spring to summer 2014</p>	<p>Combination of Scottish Government, Glasgow City Council (Royal Concert Hall), Lottery (Theatre Royal) and private fundraising.</p>	<p>Improved public service – better audience facilities (eg disabled access at Theatre Royal), potential for venues to attract greater variety of work.</p> <p>Royal Concert Hall project part of wider redevelopment of City Centre/Buchanan Galleries with provision for evening activities and employment. Efficient sharing of concert hall facilities between Glasgow Life (new more flexible performance space) and RSNO (rehearsal venue). Theatre Royal project designed to meet energy targets in the 2013 Building regulations through natural ventilation and building fabric enhancements.</p>
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<p><b><u>JUSTICE</u></b></p>	<p><b>Emergency Services Future Communications Programme to replace existing Airwave services</b></p>	<p>£500 million</p>	<p>A transitional programme with deployment across the three emergency services commencing 2016 and concluding 2020.  The contract will run until 2030 with possible extension to 2035.</p>	<p>Conventional financing via SG capital budget; though following police and fire reform the programme budget may be devolved to the services.</p>	<p>A Shared Services programme that replaces the existing RESTRICTED level emergency service communications system with enhancements to accommodate more data-intensive working that will support improved service delivery and more efficient use of resources</p>
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<p><b>Scottish Crime Campus Construction Project and Benefits Programme</b></p> <p>To provide purpose built accommodation to bring together the Scottish Crime and Drug Enforcement Agency and its Partners (Serious Organised Crime Agency, HMRC, Crown Office and Procurator Fiscal Service and the Counter Terrorism Intelligence Unit) on one site to encourage and allow joint working and sharing of resources. It will also provide a new Forensic Laboratory for the SPSA Forensic Service West</p>	<p>£82 million</p>	<p>The project is scheduled to be completed by Autumn 2013, becoming fully operational in early 2014.</p>	<p>Conventional financing via SG capital budget.</p>	<p>The project will contribute to the efforts to tackle and reduce the influence of serious organised crime.</p> <p>Co-location of the agencies on one site will enhance their ability to share resources and develop greater process for joint working.</p> <p>The construction project is a major capital works project and supports the construction industry in Scotland over a sustained period.</p>
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<p><b>Parliament House Redevelopment</b></p> <p>Essential redevelopment to ensure the continuing operation of Scotland's most historic and significant civil court. The primary purpose is the replacement of essential building services, addressing compliance and building fabric issues and upgrading court facilities.</p>	<p>Total project value is £63 million, of which around £15 million is still to be delivered.</p>	<p>Phases 3 &amp; 4 aim to be completed by end 2014-15. Phases 1 and 2 were completed on time and within budget.</p>	<p>Conventional financing via SG Capital budget.</p>	<p>The project will preserve the historic character of the Parliament House court complex, whilst providing an appropriate environment for Scotland's most senior civil court. The efficient operation of the Court of Session is essential to Scotland's business and financial credibility.</p>
<p><b>HMP Grampian</b></p> <p>HMP Grampian, which will be built in Peterhead, will replace the existing HMP Aberdeen and HMP Peterhead.</p>	<p>£91 million</p>	<p>SPS awarded a contract for the design and construction of HMP Grampian in November 2011 and the prison will open in Winter 2013-14.</p>	<p>This project will be financed by conventional capital and a contract was awarded by the Scottish Prison Service for the design and construction of this prison. On completion, SPS will operate HMP Grampian and HMP Aberdeen and HMP Peterhead will close.</p>	<p>By replacing two old and unfit prisons, HMP Grampian will provide a fit-for-purpose prison which supports the government's objective of reducing the risk of prisoners reoffending on release from custody.</p> <p>In addition, the design of the prison will generate operational efficiencies and reduce carbon emissions.</p>

<p><b>HMP Inverclyde</b> HMP Inverclyde will replace the existing HMP Greenock</p>	<p>To be determined</p>	<p>SPS will award a contract for the design and construction of HMP Inverclyde on a site in Greenock which is owned by SPS.</p>	<p>This project will be financed by conventional capital and a contract will be awarded by the Scottish Prison Service for the design and construction of this prison. On completion, SPS will operate HMP Inverclyde and HMP Greenock will close.</p>	<p>By replacing an old and unfit prison, HMP Inverclyde will provide a fit-for-purpose prison which supports the government's objective of reducing the risk of prisoners reoffending on release from custody.</p> <p>In addition, the design of the prison will generate operational efficiencies and reduce carbon emissions.</p>
<p><b>HMP Stirling</b> HMP Stirling will replace the existing female prison facilities at HMP Cornton Vale</p>	<p>To be determined</p>	<p>SPS will award a contract for the design and construction of HMP Stirling on a site which is owned by SPS.</p>	<p>This project will be financed by conventional capital and a contract will be awarded by the Scottish Prison Service for the design and construction of this prison. On completion, SPS will operate HMP Stirling and the existing female prison facilities at HMP Cornton Vale will close.</p>	<p>By replacing an old and unfit prison, HMP Stirling will provide a fit-for-purpose prison which supports the government's objective of reducing the risk of prisoners reoffending on release from custody.</p> <p>In addition, the design of the prison will generate operational efficiencies and reduce carbon emissions.</p>

<p><b>HMP Glasgow</b> HMP Glasgow will replace the existing facilities at HMP Barlinnie</p>	<p>To be determined</p>	<p>SPS will award a contract for the design and construction of HMP Glasgow either on the site of HMP Barlinnie or a site to be acquired by SPS.</p>	<p>This project will be financed by conventional capital and a contract will be awarded by the Scottish Prison Service for the design and construction of this prison. On completion, SPS will operate HMP Glasgow and the existing prison facilities at HMP Barlinnie will close.</p>	<p>By replacing an old and unfit prison, HMP Glasgow will provide a fit-for-purpose prison which supports the government's objective of reducing the risk of prisoners reoffending on release from custody.</p> <p>In addition, the design of the prison will generate operational efficiencies and reduce carbon emissions.</p>
<p><b>HMP Highland</b> HMP Highland will replace the existing HMP Inverness</p>	<p>To be determined</p>	<p>SPS will award a contract for the design and construction of HMP Highland.</p>	<p>This project will be financed by conventional capital and a contract will be awarded by the Scottish Prison Service for the design and construction of this prison. On completion, SPS will operate HMP Highland and HMP Inverness will close.</p>	<p>By replacing an old and unfit prison, HMP Highland will provide a fit-for-purpose prison which supports the government's objective of reducing the risk of prisoners reoffending on release from custody.</p> <p>In addition, the design of the prison will generate operational efficiencies and reduce carbon emissions.</p>

<p><b>Scottish Court Replacement and Rationalisation</b></p> <p>Project would replace existing unsuitable and unsustainable court accommodation with alternative facilities, reduce the court estate and upgrade core buildings to deal with the resultant increased pressure of business.</p>	<p>£10-20 million per project</p>	<p>3-5 years from confirmation of funding.</p>	<p>Scottish Court Service elements of project would be funded through Scottish Government capital and revenue funding allocations; capital receipts, where relevant and, potentially joint funding with other public bodies.</p>	<p>Project will facilitate the efficient delivery of justice, with purpose built court facilities replacing existing unsuitable accommodation.</p> <p>Potential sites include, in priority order, Hamilton, Kirkcaldy and Inverness Sheriff Courts.</p> <p>Priority would be given to seeking the establishment of joint facilities with the other relevant public bodies, in line with the model of West Lothian Civic Centre in Livingston.</p> <p>Rationalisation of the estate will result in reduced running costs of the estates, by reducing the overall number of buildings and addressing risks generated by backlog maintenance across the court estate.</p>
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<p><b>Criminal Courts Complex – Parliament House</b></p> <p>Project will return the court of criminal appeal, plus an additional High Court criminal court to the Parliament house complex.</p>	<p>£14-20 million</p>	<p>2-3 years from confirmation of funding.</p>	<p>Project would be funded through Scottish Government capital and revenue funding allocations</p>	<p>Project will facilitate the efficient delivery of justice, with purpose built facilities for the most serious and high profile criminal cases and appeals.</p> <p>The project will facilitate wider rationalisation of the court estate by releasing capacity within existing court accommodation in Edinburgh.</p> <p>The project would support the establishment of a new central sheriff appeals court and personal injury court, in line with the recommendations in Lord Gill’s review of Scotland’s civil courts.</p>
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<b><u>COMMONWEALTH GAMES INVESTMENT</u></b>				
<p>The Glasgow 2014 Commonwealth Games Programme of investment includes:</p> <p><i>The Sir Chris Hoy Velodrome:</i> part of the National Indoor Sports Arena complex being built.</p> <p><i>Hampden Stadium:</i> Provision of athletics track and field facilities and upgrading of spectator facilities.</p> <p>Temporary installations to accommodate Games requirements.</p> <p><i>Tollcross Aquatics Centre:</i> Extension and refurbishment of existing premises to accommodate requirements of the Glasgow 2014 Commonwealth Games.</p>	Various	<p>Velodrome: June 2012</p> <p>Stadium: May 2014</p> <p>Aquatics Centre: February 2013</p>	<p>Velodrome: The project is under the control of Glasgow City Council. The 2014 Organising Committee's contribution is 50% of the cost, estimated to be £15m.</p> <p>Stadium: The project is financed by; and under the control of, the 2014 Organising Committee. £25.8 million.</p> <p>Aquatics Centre: Project managed by Glasgow City Council. Total cost of works £19.3 million. Organising Committee contributing £15 million towards cost and <b>sportscotland</b> £650,000.</p>	<p>The Scottish Government's support for the 2014 Commonwealth Games will stimulate investment in infrastructure for Games venues and associated transport networks and support jobs across Scotland. The Games will bring particular benefits to Glasgow where the injection of housing development and supporting infrastructure will promote sustainable economic growth. Investment in the Glasgow 2014 Commonwealth Games is intended to secure the delivery of a successful Games that will showcase Scotland on the international stage, contribute to the economic recovery and leave a meaningful and lasting legacy from which all of Scotland's people can benefit.</p>



# Annex D:

# **Glossary**

## ANNEX D: GLOSSARY

AS	Audit Scotland
AWPR	Aberdeen Western Peripheral Route
BREEAM	BRE's Environmental Assessment Method
CMAL	Caledonian Maritime Assets Ltd
COPFS	Crown Office and Procurator Fiscal Service
COSLA	Convention of Scottish Local Authorities
DBIS	Department for Business Innovation and Skills
DECC	Department of Energy and Climate Energy
DEL	Departmental Expenditure Limits
DWQR	Drinking Water Quality Regulator
EGIP	Edinburgh to Glasgow Improvement Programme
EIB	European Investment Bank
EMEC	European Marine Energy Centre
ERDF	European Regional Development Fund
FCS	Forestry Commission Scotland
FE	Further Education
FFL	Fossil Fuels Levy
FiT CfD	Feed in Tariffs with Contract for Difference
FM	Facilities Management
FRC	Forth Replacement Crossing
FVA	Fish Veterinary and Aquaria
GES	Government Economic Strategy
HE	Higher education
HEAT	Health improvement (H) efficiency (E), access (A) and treatment (T)
HIAL	Highland and Islands Airports Limited
HIE	Highlands and Islands Enterprise
HLOS	High Level Output Specification
HMP	Her Majesty's Prison
HS	Historic Scotland

ICT	Information and Communication Technology
IIB	Infrastructure Investment Board
IIP	Infrastructure Investment Plan
IPD	Infrastructure Projects Database
ITREZ	International Technology Renewable Zone
IUK	Infrastructure UK
JANET	The UK's Education and Research Network
JESSICA	Joint European Support for Sustainable Investment in City Areas
NDPBs	Non Departmental Public Bodies
NHT	National Housing Trust initiative
NPD	Non-Profit Distributing
NPF	National Planning Framework
NRIF	National Renewable Infrastructure Fund
OBC	Outline Business Case
PAS	Publicly Available Specification
PfG	Programme for Government
PFI	Private Finance Initiative
POE	Post occupancy evaluations
PPP	Public Private Partnership
PSS	Property support service
QMU	Queen Margaret University
RAB	Regulatory Asset Base
RAMP	Road Asset Management Plan
RCUK	Research Councils
RINH	Rowett Institute of Nutrition and Health
RSNO	Royal Scottish National Orchestra
ROC	Renewable Obligation Certificate
SAC	Scottish Agricultural College
SCIM	Scottish Capital Investment Manual
SCG	Strategic Coordinating Groups

SCS	Scottish Court Service
SE	Scottish Enterprise
SEPA	Scottish Environment Protection Agency
SFC	Scottish Further and Higher Education Funding Council
SFF	Scottish Futures Fund
SFT	Scottish Futures Trust
SG	Scottish Government
SHETL	Scottish Hydro Electric Transmission Limited (owned by Scottish & Southern plc)
SHQS	Scottish Housing Quality Standard
SNH	Scottish Natural Heritage
SRDP	Scotland Rural Development Programme
SPS	Scottish Prison Service
SPVs	Special Purpose Vehicles
SPT	Scottish Power Transmission (company owned by Scottish Power plc)
SR	Spending Review
SSF	Scotland's Schools for the Future
STPR	Strategic Transport Projects Review
SW	Scottish Water
TCRF	Town Centre Regeneration Fund
TIC	Technology innovation centre
TIF	Tax Incremental Financing
TS	Transport Scotland
UDFs	Urban Development Funds
UHI	University of the Highlands and Islands
URCs	Urban Regeneration Companies
UWS	University of the West of Scotland
V&A	Victoria and Albert
VDLF	Vacant and Derelict Land Fund
WIAT	Woods In and Around Towns initiative
WIC	Water Industry Commission





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