

Petitioner submission of 20 July 2023

PE2004/E: Abolish the use of Public Private Partnerships in Scotland

Jubilee Scotland's responses to the Scottish Government's and the Scottish Futures Trust's (SFT) Committee request responses:

All-Party Support

A recent working group meeting at Parliament, co-hosted by SNP, Conservative, Green, and Labour MSPs, revealed cross-party support for the urgent need for alternatives to Public Private Partnerships (PPPs) in Scottish infrastructure. Support included other stakeholders (e.g., trade unions). **Our Scotland Against Public Private Partnerships (SAPPP) task force have since gained Liberal Democrat support, giving our mission all-party support**

PPPs' Financial and Wider Costs

SAPPP's draft proposal recommends that PPP schemes no longer be implemented. Evidence demonstrates financial dangers of PPPs (Annexes 1, 2), yet the Scottish Government's response suggests that they are not adequately aware of the risks PPPs pose to their goals of achieving Net Zero by 2045 and of tackling inequality. To achieve these goals, it is *vital* to ground public infrastructure in design-led solutions that provide sustainable public services for taxpayers and the climate, not in profit-led solutions. Unfortunately, SFT's response recognises certain financial costs but does not sufficiently recognise wider social and environmental costs.

Handing public assets to the private sector and incurring long-term operational and financial commitments to private companies is not in public interest. Despite this widely-accepted understanding, the brief the Scottish Government gave to the SFT suggests that the Government are only seeking private-finance alternatives.

SAPPP requests that this committee ensures that alternatives to create additionality are scrutinised by mandating the relevant cross-party committee to take this conversation forward. We request that the committee do this work before enacting further PPPs,

namely the Mutual Investment Model (MIM). The Scottish Government's response indicates their commitment to the MIM without recognising likely dangers (e.g., excess profits from secondary market transactions, companies profiting via tax havens) (Annex 2).

Despite governments' varied approaches to reduce profits extracted by the private sector and the substantial debts incurred by local governments through PPPs, necessary scrutiny and monitoring to avert these issues are not in place for *any* PPP to achieve these goals.

Exploring Alternatives

The SFT's response suggested that SAPPP proposed only one model involving a review of the Fiscal Framework; SAPPP outlined multiple PPP alternatives, which could be implemented under devolved powers. One is expansion on successful elements of the Learning Estate Investment Programme, cited in the SFT's response as a successful PPP alternative. We are interested in project examples in SFT's response. We welcome these examples' use as case studies; each requires close review by experts to identify which aspects should be expanded and which risk replicating mistakes.

The Scottish National Investment Bank (SNIB)

SAPPP acknowledge that decisions to invest in specific projects are matters for the SNIB to determine as an independent body. However, a recent review demonstrated an absence of enquiries elicited from the public sector between the bank's inception in 2020 until February 2022¹. Results indicate that local authorities are not sufficiently aware of, or perhaps unable to apply to, SNIB as a funding option despite public infrastructure projects' alignment with the Scottish Government's strategic mission for SNIB.

SNIB's missions:

- achieving a Just Transition to net zero by 2045,
- extending equality of opportunity through improving places by 2040,

¹ Brown, R. (2022) *Mission Accomplished? Assessing the performance of the Scottish National Investment Bank*, Reform Scotland.

- harnessing innovation to enable our people to flourish by 2040².

These are compatible with our aims of design-led, sustainable innovation, which promote equal opportunities for Scotland's population. Local authorities' ability to apply for SNIB funding for public infrastructure would help achieve SNIB's mission while providing viable and more financially sustainable options for councils; both outcomes benefit taxpayers.

SNIB may require legal dispensation from the UK Government to allow it to broaden its funding base and ability to invest in public infrastructure. The Scottish Government should campaign for this dispensation to be granted, clarify limits around investment restrictions, and explore options to allow investments to take place. Ministers should explore adjusting SNIB's mission parameters to better achieve their goal of achieving Net Zero and of reducing inequality, allowing investment on high-priority areas like permitted public infrastructure.

Public infrastructure investment is relatively low-risk compared to other investments; these investment opportunities offer significant advantages to SNIB by balancing their portfolio while achieving their missions.

The National Infrastructure Company (NIC)

The Scottish Government's response reveals their decision not to progress with the NIC featured in SNP's 2021 manifesto. However, a letter from Deputy First Minister and Cabinet Secretary for Finance Shona Robison suggested that she is willing to include the NIC as an option for improving public infrastructure processes:

'The Scottish Government continues to work to improve the way infrastructure decisions are made, and to harness and best deploy existing public sector expertise in infrastructure delivery. I will continue to explore options, including the creation of a national infrastructure company to enhance how our existing resources and agencies contribute towards these ends.' (Annex 3)

² The Scottish National Investment Bank (n.d.) *Our Missions*. Accessed June 30, 2023 at <https://www.thebank.scot/about-us/our-missions>

Removing the NIC from consideration is a missed opportunity to support local authorities (outlined above). If the NIC were dismissed, we believe that a properly-equipped existing body can still achieve the planned body's goals.

Conclusion

SAPPP, like the SFT, recognise that public infrastructure requires funding and multiple options to fulfil requirements.

However, our parliamentary support and public responses demonstrate urgent calls to remove PPPs from Scottish public infrastructure.

The MIM is another PPP with similar risks to previous PPP schemes; alternatives are available with or without revision of the fiscal framework and necessitate exploration. The issue's urgency is becoming more acute as:

1. local authorities will seek new funding options as their 25-to-30-year PPP contracts near their ends,
2. we countdown to Net Zero's 2045 target date,
3. we face increasing needs to address climate and public service crises.

We urge the committee to promote this discussion to the next stage, passing it to the relevant committee to scrutinise options, including SFT's highlighted case studies. This work will pre-empt explorations of alternatives and avoid past mistakes.

We are happy to discuss our response and proposals further.

[Annex 1](#)

[Annex 2](#)

[Annex 3](#)