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Convener  
Public Audit Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

30 November 2022

Dear Mr Leonard

## Infrastructure Investment – Major Capital Projects Progress Update

This suite of material provides the Public Audit Committee with the latest report on the progress of Major Capital Projects for the six months ending September 2022. This update comprises information relating to the reporting of the five-year Infrastructure Investment Plan (IIP) published in February 2021 and the pipeline of major projects and national programmes that will be taken forward through to 2025-26. Information relating to the latest progress of these can be found in the IIP Project Pipeline Update (Annex A), the IIP Major Capital Projects Progress Update (Annex B) and the IIP Programme Pipeline Update (Annex C).

### Issues affecting infrastructure delivery

The Committee will see that just over a fifth of the planned projects captured within the **IIP Project Pipeline Update (Annex A)** show adjustments since the March 2022 update. These adjustments mainly relate to delays and cost increases associated with objections, design development, scope changes and construction cost inflation.

Turning to the **IIP Major Capital Projects Progress Update (Annex B)**, almost half of the ongoing projects detailed show adjustments. Supply chain and inflationary issues as well as the availability of construction materials and labour shortages driven by Brexit, COVID-19 and more recently the war in Ukraine, have caused cost increases and/or delays to infrastructure projects. Several projects were also affected by the impact of design development and scope changes. Overall, these adjustments highlight the reality of the current challenges being faced and the impact that these matters are having on current project delivery.

### Emergency Budget Review

The Emergency Budget Review (EBR) published on 2 November included some changes to capital budget lines. As you will be aware, the review focused primarily on the scope for change within the current 2022-23 budget. Around £180 million of capital and Financial Transactions reductions were made to support wider financial management taking account

of the market outlook for demand-led investment, global supply chains and construction capacity.

The EBR highlighted savings from a range of capital lines, some of which are associated with the delivery of projects and programmes covered by this reporting. The savings in 2022-23 found from the City Deals and Education lines were all as a result of construction and supply chain issues. The savings from the R100 programme were due to a rephasing of the work agreed with the main supplier. In all these cases, the spend has been rephased into future years and the slowing of activity in 2022-23 is not projected to affect the timing or total cost of delivery of the overall project or programme at this stage.

### Summary note on project and programme plans

A summary note for Committee members has been included with this covering letter which looks in more detail at the reasons for variances from project and programme plans within the September 2022 Major Capital Projects Progress Update.

### Wider infrastructure developments

The Scottish Construction Accord was officially launched on 13 October 2022 by the Minister for Business Trade, Tourism and Enterprise and industry leaders acting through the Construction Leadership Forum (CLF). The CLF is a collaboration between the Scottish Government and the construction sector backed by leading industry figures and businesses. The Accord heralds a new shared commitment from industry and the public sector to work together to transform the construction sector, for the good of the industry, the economy and the country. The potential for an Accord between the construction industry and the public sector to improve outcomes was identified by the Infrastructure Commission for Scotland in July 2020.

The industry-wide Accord contains a commitment to ensuring construction remains a valuable contributor to the economy, while delivering change aligned with our National Strategy for Economic Transformation. As a major investor in infrastructure, the Scottish Government has a strategic and important role to play in ensuring the industry is fit for the future. Details of the Accord can be found on the Construction Leadership Forum's website at [Scottish Construction Accord](#).

As per previous updates, the latest information relating to the diverse pipeline of projects within the Scotland-wide hub programme can be found on the Scottish Futures Trust's website at [Scottish Futures Trust Hub Pipeline](#).

I thank the Committee for their interest and hope that members find this update helpful. I am copying the update to the Clerk of the Economy and Fair Work Committee, the Clerk of the Finance and Public Administration Committee and the Auditor General for Scotland for their information.

Yours sincerely

**ALYSON STAFFORD**

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# Summary note on projects and programmes plans

## Introduction

1. This document is intended to draw out particular projects and programmes and the aspects of these where additional scrutiny might be merited. The document is structured around the reasons a project or programme might be considered to have increased risk to delivery.

## Impact on delivery

2. A range of factors over the last 6 months have had an impact on delivery and these factors are likely to continue to have an impact into next year and beyond. Supply chain and inflationary issues as well as the availability of construction materials and labour shortages driven by Brexit, COVID-19 and more recently the war in Ukraine, have caused cost increases and/or delays to infrastructure projects.

3. As economies reopened in the aftermath of COVID-19, significant inflation coupled with shortages in the supply of particular construction materials continues to be experienced. The crisis in Ukraine has considerably exacerbated these pressures on construction projects. Since early 2022, significant hikes in energy prices are driving further price increases and leading to great uncertainty around delivery periods for certain construction materials, including steel and residential construction products. In addition, labour shortages driven by the UK's exit from the European Union are exacerbating the challenges to infrastructure delivery. This has led to increased cost forecasts on major capital projects and programmes with delays to several major projects. Scotland is not alone in this situation as surging demand for commodities and constrained supply has affected most countries worldwide.

4. Major projects most noticeably affected by some of these issues in this latest report include the following:

- Inverness Airport Station
- Aberdeen Baird Family Hospital and ANCHOR Centre
- NHS Highland - National Treatment Centre – Highland
- Dunfermline Learning Campus (College element)
- HMP Highland
- National Facility for Women Offenders

## Project delays and cost increases

5. Project delays and cost increases are among the highest risks to the Scottish Government's capital programme, the drivers for them being in the main, outwith the Government's control. Project and programme boards monitor project costs closely. However, for projects as advanced of the ones listed in paragraph 4, Portfolios will see these through to completion and manage within their aggregate capital budget by re-profiling the delivery of less advanced projects.

6. In other cases, projects have been paused to allow plans drawn up several years ago to be adapted to fit with new requirements to ensure that public sector investments be

net zero as far as is possible. This has introduced time delays and, in some cases, increased costs.

7. Major projects where this has resulted in delayed delivery include:

- Dunfermline Learning Campus (College element)
- HMP Highland

8. In a similar vein, the NHS Ayrshire & Arran - National Treatment Centre has seen indicative costs increase due to design development and an increase in scope for the facility.

### **NHS Assure**

9. The introduction of NHS Assure for the healthcare built environment across Scotland, is already helpfully identifying potential issues in investments early so they can be addressed. This September 2022 update identifies some instances where a project is running behind time due to changes that have been made to the design / business case. Whilst these projects now look to be behind schedule, the benefits of getting everything right at the start cannot be underestimated. A project where this input can be seen is the NHS Ayrshire & Arran - Foxgrove (National Secure Adolescent Inpatient Service).

### **Conclusion**

10. Committee members are invited to note this material and the full suite of Infrastructure Investment Plan reporting updates which can be found on the Scottish Government website at [Infrastructure Investment Plan](#)

## Annex A: Infrastructure Investment Plan 2021-22 to 2025-26 - Project Pipeline Update [Note 1]

The following information has been extracted from the latest IIP Project Pipeline update published on the Scottish Government website.

Project Name	Project Description	Public Sector Procurement Body	Total Capital Investment (£) [Notes 2,3,4,5]	How is the project being Funded?	Procurement Route	Current Project Status	Project Advertised to Market (Planned / Actual Date) [Note 6]	Construction Start (Planned / Actual Date) [Note 6]	Operational / Service Start (Planned / Actual Date) [Note 6]
<b>A90 Laurencekirk Junction Improvement Scheme</b>	The project involves the design assessment and construction of grade separated junction improvement on the A90 at Laurencekirk. To be delivered alongside the Aberdeen City Region Deal.	Transport Scotland (Major Projects)	£24,700,000	Capital Funded	To be confirmed	In Preparation	04/09/2023	04/11/2024	30/11/2026
<b>A720 Sheriffhall Junction Improvement Scheme</b>	The project involves the design assessment and construction of a Grade Separated Junction at Sheriffhall Roundabout on the A720. To be delivered alongside the Edinburgh and South East Scotland City Region Deal.	Transport Scotland (Major Projects)	£90,000,000 - £120,000,000	Capital Funded	To be confirmed	In Preparation	01/01/2025	01/01/2026	01/08/2028
<b>A9/A82 Longman Junction Improvement Scheme</b>	The project involves the design assessment and construction of a Grade Separated Junction at Longman Roundabout. To be delivered as part of the Inverness and Highland City-Region Deal.	Transport Scotland (Major Projects)	£85,000,000 - £95,000,000	Capital Funded	To be confirmed	In Preparation	01/03/2024	02/06/2025	31/03/2027
<b>A9/A96 Inshes to Smithton</b>	Project involves the design, assessment and construction of link road between A9 Inshes Junction and the A96 Smithton Junction. To be delivered as part of the Inverness and Highland City-Region Deal.	Transport Scotland (Major Projects)	£25,000,000 - £35,000,000	Capital Funded	To be confirmed	In Preparation	31/03/2025	30/03/2026	31/03/2027

Project Name	Project Description	Public Sector Procurement Body	Total Capital Investment (£) [Notes 2,3,4,5]	How is the project being Funded?	Procurement Route	Current Project Status	Project Advertised to Market (Planned / Actual Date) [Note 6]	Construction Start (Planned / Actual Date) [Note 6]	Operational / Service Start (Planned / Actual Date) [Note 6]
<b>A737 Improvements at Beith</b>	The design, assessment and construction of 1.8km improvements of the A737 at Beith to improve accessibility, provide safety benefits and promotes active travel with the inclusion of a Non-Motorised Users (NMU) facility.	Transport Scotland (Major Projects)	£18,000,000	Capital Funded	Conventional Capital Procurement	Outline Business Case (or equivalent) Prepared But Not Yet Approved	[See Note 7]	[See Note 7]	[See Note 7]
<b>A801 Improvement project</b>	The construction of a new 3.2kms of the A801 at Avon Gorge (crosses the boundary between Falkirk and West Lothian)	Transport Scotland (Major Projects)	£52,000,000	Capital Funded	Conventional Capital Procurement	In Preparation	01/02/2024	01/11/2024	01/06/2026
<b>A83 Access to Argyll and Bute</b>	Creation of a long term and resilient trunk road into Argyll and Bute to address the issues associated with landslides at the Rest and be Thankful on the existing A83.	Transport Scotland (Major Projects)	£268,000,000 - £860,000,000	Capital Funded	To be confirmed	In Preparation	01/03/2028	01/09/2029	01/09/2031
<b>Aberdeen to Central Belt Rail Enhancements</b>	To utilise £200m, as pledged by SG Ministers, to reduce journey times and enhance capacity on the railway between Aberdeen and the Central Belt.	Transport Scotland (Rail)	£200,000,000	Capital Funded	Other	In Preparation	04/01/2023	04/07/2023	13/12/2026
<b>Monklands Replacement Project</b>	To build a new hospital that will replace the existing University Hospital Monklands on a new site as a key enabler for Lanarkshire to deliver the clinical strategy programme.	NHS Lanarkshire	To be confirmed as part of OBC process	To be confirmed as part of OBC process	To be confirmed as part of OBC process	In Preparation	To be confirmed as part of OBC process	To be confirmed as part of OBC process	To be confirmed as part of OBC process
<b>National Treatment Centre - Tayside</b>	This project will create an elective care centre on the Perth Royal Infirmary site as per the Scottish Government national elective care strategy (forms part of the National	NHS Tayside	To be confirmed when OBC finalised [See Note 8]	Capital Funded	Framework	In Preparation	n/a	To be confirmed when OBC finalised [See Note 8]	To be confirmed when OBC finalised [See Note 8]

Project Name	Project Description	Public Sector Procurement Body	Total Capital Investment (£) [Notes 2,3,4,5]	How is the project being Funded?	Procurement Route	Current Project Status	Project Advertised to Market (Planned / Actual Date) [Note 6]	Construction Start (Planned / Actual Date) [Note 6]	Operational / Service Start (Planned / Actual Date) [Note 6]
	Treatment Centres Programme).								
<b>Thrombectomy Project</b>	This project will enhance the clinical strategy for stroke patients in the North region as per the Scottish Government directive.	NHS Tayside	£15,400,000	Capital Funded	Framework	Outline Business Case (or equivalent) Prepared But Not Yet Approved	n/a	To be confirmed at OBC Approval [See Note 9]	To be confirmed at OBC Approval [See Note 9]
<b>Critical Care Centre</b>	This project will create a dedicated Critical Care facility on the NW site to future proof critical care services to ensure adequate capacity.	NHS Tayside	To be confirmed when Initial Agreement is submitted	Capital Funded	Framework	In Preparation	n/a	To be confirmed when Initial Agreement is submitted [See Note 10]	To be confirmed when Initial Agreement is submitted [See Note 10]
<b>Cancer Care Centre</b>	This project will create a dedicated Cancer Care Centre on the NW site to include all oncology services (Radiotherapy and Chemotherapy).	NHS Tayside	To be confirmed when Initial Agreement is submitted	Capital Funded	Framework	In Preparation	n/a	To be confirmed when Initial Agreement is submitted [See Note 10]	To be confirmed when Initial Agreement is submitted [See Note 10]
<b>Lochgelly Health Centre</b>	The design and construction of a new community health and wellbeing centre in Lochgelly, Fife.	NHS Fife	£13,000,000	Capital Funded	Hub	Outline Business Case (or equivalent) Prepared But Not Yet Approved	n/a	To be confirmed at OBC Approval [See Note 9]	To be confirmed at OBC Approval [See Note 9]
<b>National Treatment Centres Project</b>	Project forms part of the National Treatment Centres Programme.	NHS Lanarkshire	£50,000,000	Capital Funded	To be confirmed	In Preparation	To be confirmed when Initial Agreement is submitted	To be confirmed when Initial Agreement is submitted	To be confirmed when Initial Agreement is submitted
<b>Kincardine Health Centre</b>	New Health Centre build.	NHS Fife	£7,800,000	Capital Funded	Hub	Outline Business Case (or equivalent) Prepared But Not Yet Approved	n/a	To be confirmed at OBC Approval [See Note 9]	To be confirmed at OBC Approval [See Note 9]
<b>Radionuclide Dispensary</b>	To create a modern Radiopharmacy facility to continue the manufacture of	NHS Greater Glasgow and Clyde	£13,300,000	Capital Funded	Framework	Outline Business Case (or equivalent)	n/a	07/03/2024	13/03/2025

Project Name	Project Description	Public Sector Procurement Body	Total Capital Investment (£) [Notes 2,3,4,5]	How is the project being Funded?	Procurement Route	Current Project Status	Project Advertised to Market (Planned / Actual Date) [Note 6]	Construction Start (Planned / Actual Date) [Note 6]	Operational / Service Start (Planned / Actual Date) [Note 6]
	radiopharmaceutical medicines and distribution of them to Nuclear Medicine Departments throughout Health Boards in West Central Scotland and the West of Scotland.					Prepared But Not Yet Approved			
<b>HMP Glasgow</b>	By replacing an old and unfit prison, HMP Glasgow will provide a fit-for-purpose community facing prison, which supports the Government's objective of reducing the risk of prisoners reoffending on release from custody.	Scottish Prison Service	£400,000,000	Capital Funded	Conventional Capital Procurement	In Preparation [See Note 11]	17/03/2022	01/11/2023	01/11/2026

### **Notes relating to the updated IIP Project Pipeline**

1. The IIP Project Pipeline relates to those projects with a capital value of £5 million or more where the Scottish Government has a lead role in procurement or funding and where an Outline Business Case (or equivalent) is not yet approved. The majority of information relates to that as at 30 September 2022. If, however there has been a significant change in the status of any project between then and end of October 2022, the accompanying information relating to that project has been updated. All planned dates and costs are subject to continued impact on labour supply of COVID-19 pandemic as well as issues around supply chains and availability of construction materials as well as significant cost inflation on a range of construction materials driven in part by the conflict in Ukraine.

2. The Total Capital Investment estimates include the construction contract costs and any associated capital funded costs such as land acquisition and enabling works (e.g. demolition and utilities diversions).

3. Estimated costs for projects will change until the project has reached completion. Cost estimates for projects may rise or fall for a number of reasons. These include changes to the scope of the project, incurring unanticipated or additional costs for preparatory works, costs arising from unavoidable delay to projects, and increases in input costs and construction prices.

4. An estimate for inflation over the delivery period is included. How inflation is managed will vary between contracts and will depend on how far the project has progressed in its delivery.

5. All figures are rounded to the nearest £100,000.



6. Timescale estimates may be lengthened or shortened for a number of reasons. These include changes to the scope of the project, unanticipated or unavoidable delays to construction, unanticipated or unavoidable delays in the procurement process, and the impact of considerations around affordability for the procuring authority. Contracting and procurement processes vary for projects being delivered by way of the hub initiative and Frameworks and consequently these have 'n/a' (not applicable) for 'Project Advertised to Market'.

7. A737 Improvements at Beith - future dates for this project will be set subject to confirmation of funding availability.

8. National Treatment Centre – Tayside - redesign process underway to incorporate requirements of DL (2021) 38 - A policy for NHS Scotland on the climate emergency and sustainable development.

9. Thrombectomy Project / Lochgelly Health Centre / Kincardine Health Centre - the previous planned dates are being reviewed and will be confirmed once the proposals within the OBC (Outline Business Case) has been approved by the Scottish Government's Health Directorate Capital Investment Group (CIG).

10. Critical Care Centre / Cancer Care Centre - the previous planned dates are being reviewed and will be confirmed once the proposals within the Initial Agreement have been submitted by the Health Board to the Scottish Government's Health Directorate Capital Investment Group (CIG).

11. HMP Glasgow - an OBC is currently being prepared by the recently appointed Project Executive. The project however was advertised to the market in March 2022 to maintain the overall delivery programme.

## **Annex B: Infrastructure Investment Plan 2021-22 to 2025-26 - Major Capital Projects Progress Update**

**The following information relates to projects with a capital value of £5 million or more which are at the Outline Business Case (or equivalent) approved stage or beyond.**

The information mainly comprise projects included at Annex D of the Scottish Government's Infrastructure Investment Plan published in February 2021 and ongoing projects included within previous project progress updates.

The majority of information reports the position as at 30 September 2022. If, however there has been a significant change in the status of any project between then and end of October 2022, the accompanying information relating to that project has been updated.

All projects are capital grant funded unless otherwise stated.

As previously flagged in the March 2022 update, the progress of some projects within our reporting has been subject to delays. This is due to the continued impact of the COVID-19 pandemic and issues around labour shortages, supply chains and the availability of construction materials. These related delays have already resulted in an increase in cost for projects and it is likely to result in further additional costs that are still being worked through. In addition to this, we have continued to see significant cost inflation on a range of construction materials driven more recently in part by the conflict in Ukraine. **All planned dates and costs therefore are best estimates and may subsequently be subject to further impact of these ongoing situations.**

## **Sector: Transport**

### **Project: A9 Dualling Tomatin to Moy**

**Business case approved stages:** Third project phase of A9 Dualling programme involves approximately six miles (9.6km) of online widening of existing single carriageway to an all-purpose dual carriageway, extending from existing dual carriageways to the south of Tomatin and to the north of Moy. The Outline Business Case (OBC) outlined that the project was estimated to cost £197 million and planned to be operational in December 2025.

**Progress at March 2022:** No change to cost or timing since the last report.

**Progress at September 2022:** No change to cost or timing since the last report.

The project is currently in procurement with the contract anticipated to be awarded in December 2022. The Full Business Case (FBC) will be updated prior to contract award with costs from the successful tenderer.

**Contact for public enquiries:** email: [info@transport.gov.scot](mailto:info@transport.gov.scot)

### **Project: Reston and East Linton Rail Stations**

**Business case approved stages:** Delivery of two new fully accessible Rail Stations with car parks (Reston Station in the Scottish Borders and East Linton Station in East Lothian). The OBC outlined that project was estimated to cost £35 million and that it is planned to be operational in December 2022. The FBC outlined that the overall project was estimated to cost £35 million and was planned to be operational in Summer 2023.

**Progress at March 2022:** No change to cost since the last report.

Construction of Reston Station is now complete with the station entering service in May 2022. This is later than previously reported and is due to the impact of COVID-19 and delays experienced during the project construction phase. Construction of East Linton Station commenced in November 2021 and the station is planned to become operational by March 2024. This is later than previously reported and is due to the alignment of the project entry into service with closure works to Markle Level Crossing.

**Progress at September 2022:** No change to cost or timing since the last report.

**Contact for public enquiries:** email: [Alastair.camelford@transport.gov.scot](mailto:Alastair.camelford@transport.gov.scot)

## **Project: East Kilbride Rail Enhancement**

**Business case approved stages:** Project is part of the East Kilbride and Barrhead Rail Enhancement scheme. The scheme will make rail services reliable, efficient and attractive to passengers and support modal shift whilst progressing against the Scottish Government's target to decarbonising the rail network. The OBC outlined that total project cost was estimated to be £100 million to £120 million and that it was estimated to be operational December 2024.

**Progress at March 2022:** The total project cost is now estimated at £111 million to £124 million which is an increase from that at OBC and as previously reported. This is due to the scope being changed and Network Rail providing an updated estimate which includes the additional scope. The construction start date is now later than previously reported which is subject to review due to the additional scope. The operational date however the remains as that at OBC as previously reported.

**Progress at September 2022:** No change to cost or timing since the last report.

**Contact for public enquiries:** email: [Rhona.proctor@transport.gov.scot](mailto:Rhona.proctor@transport.gov.scot)

## **Project: Levenmouth Rail project**

**Business case approved stages:** Scheme will re-open the disused rail line between Thornton junction and Leven in Fife, providing new passenger rail services to connect the Levenmouth area to Fife, Edinburgh, and the wider rail network. The OBC was predicated on a project cost estimate of £70 million and it is estimated to be operational by December 2023. The FBC was predicated on an anticipated final cost of £116 million and an estimated operational date of spring 2024.

**Progress at March 2022:** The FBC was approved on 14 December 2021 and project is now in construction. The FBC cost is an increase from that at OBC and reflects the revised cost and scope which has been expanded to include substantial additional investment which will realise significant further opportunities and benefits such as electrification and active travel options. It will maximise the economic and social benefits for the local area and also allow the potential for freight and tourism to be explored.

The FBC operational date is later than that at OBC. This is due to the December 2023 date for the introduction of passenger services being indicative and predicated on the project scope announced in 2019. Since the project was announced in 2019, the scope has been expanded to include substantial additional investment which will realise significant further opportunities and benefits for the Levenmouth economic area. Transport Scotland and Network Rail are working closely with their industry partners to deliver this transformational project by spring 2024.

**Progress at September 2022:** No change to cost or timing since the last report.

**Contact for public enquiries:** email: [Keavy.o'neill@transport.gov.scot](mailto:Keavy.o'neill@transport.gov.scot)

## **Project: Inverness Airport Station**

**Business case approved stages:** Project will provide a greener method for people to travel to Inverness Airport and help to enable transition to Net Zero Emissions and Environmental Sustainability. The FBC outlined that the project was estimated to cost £39.6 million and that it is planned to be operational in December 2022.

**Progress at March 2022:** No change to cost or timing since the last report.

**Progress at September 2022:** No change to timing since the last report.

The total cost is now estimated at £41.8 million which is an increase to that at FBC and is due to a revised final cost incorporating inflation. The project is in construction and is progressing to programme.

**Contact for public enquiries:** email: [darius.astell@transport.gov.scot](mailto:darius.astell@transport.gov.scot)

## **Project: Barrhead Rail Enhancement**

**Business case approved stages:** Project is part of the East Kilbride and Barrhead Rail Enhancement scheme. This scheme is to decarbonise the corridors and to provide improved access to the rail network for the communities along these corridors. The scheme will make rail services reliable, efficient and attractive to passengers and support modal shift whilst progressing against Scottish Government's target to decarbonising the rail network. The FBC outlined that the total project cost was estimated to be £63 million and was planned to be operational in December 2023.

**Progress at March 2022:** No change to cost or timing since the last report.

The project commenced construction in April 2022 and is progressing to programme.

**Progress at September 2022:** No change to cost or timing since the last report.

**Contact for public enquiries:** email: [Rhona.proctor@transport.gov.scot](mailto:Rhona.proctor@transport.gov.scot)

## **Project: Borders Railway Decarbonisation**

**Business case approved stages:** Project to facilitate the decarbonisation of rolling stock emissions on the Borders Railway through the installation of railway electrification infrastructure. This infrastructure will allow the replacement of the diesel rolling stock which currently operate on the route with new Battery Electric rolling stock. The OBC outlines that the total project cost is estimated to be £32 million and that the project is estimated to commence construction in 2023 and be operational in May 2027.

**Progress at March 2022:** N/A

**Progress at September 2022:** The project is in procurement and progressing to programme as per OBC.

**Contact for public enquiries:** email: [Alastair.camelford@transport.gov.scot](mailto:Alastair.camelford@transport.gov.scot)

## **Project: Fife Decarbonisation**

**Business case approved stages:** Project to facilitate the decarbonisation of rolling stock emissions on the Fife Railway through the installation of railway electrification infrastructure. This infrastructure will allow the replacement of the diesel rolling stock which currently operate on the route with new Battery Electric rolling stock. The OBC outlines that the total project cost is estimated to be £210 million with the full project estimated to be operational in December 2025.

**Progress at March 2022:** N/A

**Progress at September 2022:** The Haymarket to Dalmeny section was approved to FBC in March 2022, with a total cost of £55.6 million and construction in this area has commenced with a completion date of December 2024. The full project is estimated to commence construction in early 2023 and be operational in December 2025.

The full project is in design / procurement and progressing to programme as per OBC.

**Contact for public enquiries:** email: [nicola.thomson@transport.gov.scot](mailto:nicola.thomson@transport.gov.scot)

## **Project: CMAL - Two new 100 metre ferries**

**Business case approved stages:** Procurement commenced and Pre-Qualification Questionnaires were issued by CMAL (Caledonian Maritime Assets Ltd) on 15 October 2014 with tender returns on 31 March 2015 and the Preferred Bidder announced on 31 August 2015. The contract worth £97 million to build the two 100m 'dual-fuel' ferries for the Clyde and Hebrides Ferry Service (CHFS) was awarded on 16 October 2015. The first ferry was expected to be delivered in May 2018 with the second vessel following a few months later.

**Progress at March 2022:** The total estimated cost is now between a range of £119 million and £123 million. This is an increase in that previously reported and is due to a legacy cabling issue and revised delivery programme. The total additional public expenditure over and above the original contract price is now between £105.3 million and £109.3 million.

The delivery of 801 is now scheduled to be between March 2023 and May 2023 and the delivery of 802 is now scheduled to be between October 2023 and December 2023. This is later than that previously reported and is due to the significant overhaul of the delivery programme undertaken in February 2022 to take into account the impact of the legacy cabling issue.

**Progress at September 2022:** The Chief Executive Officer (CEO) of Ferguson Marine wrote to the Scottish Government and the Net Zero, Energy and Transport Committee in late September setting out his proposals relating to the cost estimates and timetable for delivering both vessels. In his update, the total estimated cost to complete is now £202.6 million (including £6.2 million contingency). The Scottish Government has not agreed to an increase in funding for Ferguson Marine since the 23 March 2022 letter to MSP's setting out delivery costs. The Scottish Government is currently undertaking its own due diligence which is being supported by external, independent financial advisors to ensure that a rigorous approach is taken to scrutinising this request for additional funding.

The CEO has reported that delivery of 801 remains within the delivery window of March to May 2023, with Liquefied Natural Gas (LNG) commissioning due in May 2023. Ferguson Marine have indicated that the delivery of 802 is now forecast to be between January and March 2024. This is later than previously reported and Ferguson Marine attribute this to a change of approach with design consultants for the remainder of the 802 construction, and to allow lessons learned from the build of 801 to be implemented successfully.

**Contact for public enquiries:** email: [alistair.thomson@transport.gov.scot](mailto:alistair.thomson@transport.gov.scot)

## **Sector: Health**

### **Project: NHS Grampian - Aberdeen Baird Family Hospital and ANCHOR Centre**

**Business case approved stages:** Baird Family Hospital will provide a new facility to support maternity, gynaecology, breast screening and breast surgery services. It will also include a Neonatal Unit (NNU), accommodation for reproductive services, an operating theatre suite, a Commercial Medicines Unit (CMU) and research and teaching facilities. ANCHOR centre will be connected to the existing Radiotherapy Centre and together the single facility will provide a focus for all ambulatory care for oncology, haematology and radiotherapy services in the north. The OBC outlined a cost of £163.7 million and indicated that the ANCHOR Centre was projected to be operational in 2021 and the Baird to be handed over in 2021 and be fully operational early 2022. The FBC outlines that the total project cost is £233.2 million as per FBC Addendum and that the operational date for the ANCHOR Centre is estimated for May 2023 with the Baird Family Hospital estimated for December 2023 (Frameworks Scotland is procurement route for project).

**Progress at March 2022:** No change to cost since the last report.

The project is in construction and making good progress. The estimated costs of £233.2 million as per FBC Addendum is unchanged but under review due to market conditions.

The estimated operational date for the ANCHOR Centre has moved out to August 2023 with the Baird Family Hospital now estimated to be March 2024. This is later than previously reported and is updated to reflect brief amendments and the impact on the contractors' programme of market, supply chain and labour issues that have presented to date.

**Progress at September 2022:** No change to timing since the last report.

The total cost is now estimated at £244.8 million which is an increase to that at FBC and as previously reported and is due to delivery challenges and market conditions. The estimated operational dates are under review.

**Contact for public enquiries:** email: [gram.nhsgrampianfeedback@nhs.scot](mailto:gram.nhsgrampianfeedback@nhs.scot)

### **Project: National Waiting Times Centre Board - Hospital Expansion Programme - Phase 2**

**Business case approved stages:** Project is the second phase of the Golden Jubilee Foundation Hospital Expansion Programme (forms part of the National Treatment Centres Programme). The FBC for project outlined that the total cost will be £80.9 million and that it is estimated to be completed in December 2022 and operational on a phased basis up to end of March 2023 (Frameworks Scotland is procurement route for project).

**Progress at March 2022:** No change to timing since the last report.



The total cost of the project is now estimated at £82.5 million which is an increase from that at FBC and the previous report. This is due to the requirement to provide two additional Endoscopy Rooms and the associated redesign.

**Progress at September 2022:** No change to cost or timing since the last report.

Construction continues with the operational date being August 2023 (as per September 2021 report).

**Contact for public enquiries:** email: [john.scott@gjnh.scot.nhs.uk](mailto:john.scott@gjnh.scot.nhs.uk)

## **Project: NHS Grampian - National Treatment Centre**

**Business case approved stages:** Development of elective care facilities in NHS Grampian including modern and fit for purpose outpatient and ambulatory care facilities, supporting a 'one-stop' model of outpatient provision (forms part of the National Treatment Centres Programme). The OBC outlined that the total project cost is estimated at £52 million and that the project is planned to be operational in June 2024 (Frameworks Scotland is procurement route for project).

**Progress at March 2022:** No change to status of project since last report.

However, the review is concluding and revised dates for the project plan will be confirmed following completion of this review.

**Progress at September 2022:** No change to status of project since last report.

As stated in the September 2021 report, work on the FBC was paused pending the outcome of a clinically led review of the scope of the project. The review is concluding and will result in an amendment to site and a revisiting of the OBC. Revised dates for the project plan will be confirmed following the completion of this review which is expected to conclude by the end of 2022.

**Contact for public enquiries:** email: [gram.nhsgrampianfeedback@nhs.scot](mailto:gram.nhsgrampianfeedback@nhs.scot)

## **Project: NHS Lothian - National Treatment Centre**

**Business case approved stages:** National Treatment Centre at St John's Hospital in Livingston (forms part of the National Treatment Centres Programme). The OBC outlined that the total cost of the project will be £70.9 million and that it will be operational by spring 2023 (Frameworks Scotland is procurement route for project).

**Progress at March 2022:** No change to cost or time since the last report.

The FBC is under development and updated costs and delivery dates are expected mid-2022.

**Progress at September 2022:** No change to cost since the last report.

The FBC is still under development and updated costs and delivery dates will be confirmed as the FBC is further developed. The FBC is due to conclude in 2024 and construction will commence after approval of the FBC to the delivery timetable set out in that document. Inflation driven cost increases across the National Treatment Centre programme as a whole, have meant the phasing of the programme has been reviewed to support the affordability of the whole programme.

**Contact for public enquiries:** email: [Lothian.Communications@nhslothian.scot.nhs.uk](mailto:Lothian.Communications@nhslothian.scot.nhs.uk)

## **Project: NHS Lothian - Reprovision of Eye Services**

**Business case approved stages:** Project to re-provide eye services including those currently being delivered from the Princess Alexandra Eye Pavilion, Edinburgh (forms part of the National Treatment Centres Programme). The OBC outlined that the total project cost is £112.5 million and that project is anticipated to be operational by December 2026 (Frameworks Scotland is procurement route for project).

**Progress at March 2022:** No change to cost or timing since the last report.

**Progress at September 2022:** No change to cost or timing since the last report.

The FBC is under development and project is estimated to commence construction in June 2024 (as per September 2021 report).

**Contact for public enquiries:** email: [Lothian.Communications@nhslothian.scot.nhs.uk](mailto:Lothian.Communications@nhslothian.scot.nhs.uk)

## **Project: NHS Highland – National Treatment Centre**

**Business case approved stages:** New National Treatment Centre providing orthopaedic elective care services and a complete ophthalmology service (forms part of the National Treatment Centres Programme). The FBC outlined that the total project cost is £41.3 million and that the project was anticipated to be operational by October 2022 (Frameworks Scotland is procurement route for project).

**Progress at March 2022:** No change to cost or timing since the last report.

Additional funding was approved for design changes based on recommendations from the NHS Scotland Design Assessment Process taking cost to £43.3 million (as per September 2021 report).

**Progress at September 2022:** The estimated cost is now £43.6 million which is an increase from that previously reported and is due to conclusion of design changes, increased land purchase costs and conclusion of COVID-19 costs.

Construction continues with the estimated operational date now expected to be March 2023 which is later than that previously reported and which is due to the COVID-19 impact, material shortages and resourcing issues.

**Contact for public enquiries:** email: [kevin.minnock@nhs.scot](mailto:kevin.minnock@nhs.scot)

## **Project: NHS Fife - Elective Orthopaedic Centre**

**Business case approved stages:** Reprovision of elective orthopaedic services at Victoria Hospital, Kirkcaldy that will provide a standalone all-encompassing elective orthopaedic service (forms part of the National Treatment Centres Programme). The FBC outlined that the total project cost is estimated at £33.2 million and that the project is planned to be completed in September 2022 and operational in November 2022 (Frameworks Scotland is procurement route for project).

**Progress at March 2022:** No change to cost or timing since the last report.

**Progress at September 2022:** No change to timing since the last report.

Construction continues and the project is planned to be completed late 2022 and be operational in January 2023 (as per September 2021 report).

An additional £0.2 million funding was agreed with the Scottish Government to cover a variety of requirements related to the design and the COVID-19 impact within construction. The total project cost is now estimated at £33.4 million.

**Contact for public enquiries:** email: [ben.johnston2@nhs.scot](mailto:ben.johnston2@nhs.scot)

## **Project: NHS Forth Valley - National Treatment Centre**

**Business case approved stages:** Project to increase Elective Care capacity is scheduled to be completed by end of 2022. The investment case was approved through the Scottish Government in 2019. Revenue costs around £9 million with capital costs around £10 million subject to final confirmation (forms part of the National Treatment Centres Programme).

**Progress at March 2022:** No change to cost or timing since last report.

Two operating theatres in place and delivering additional capacity. The majority of planned workforce already recruited and in-post. The construction of a new 30 bedded ward facility is expected to complete by end of 2022.

**Progress at September 2022:** The capital costs have now been confirmed as £11.1 million which is an increase from that at business case approved stage and which is due to the conclusion of design development.

The estimated project completion is now March 2023 which is later than that at business case approved stage and which is mainly due to unforeseen issues with existing utilities.

**Contact for public enquiries:** email: [scott.urquhart@nhs.scot](mailto:scott.urquhart@nhs.scot)

## **Project: NHS Western Isles – Barra and Vatersay Community Campus**

**Business case approved stages:** The overall Campus project includes replacement of existing Castlebay Community School and St Brendan's Hospital with a multi-use campus that will also include social care housing and community facilities. The OBC outlined a cost of £18 million for the Health and Social Care element of the Campus and that it will be operational in 2024. The Scottish Government is funding the £18 million Health and Social Care element (Hub North Scotland is procurement route for project).

**Progress at March 2022:** No change to status of project since last report.

**Progress at September 2022:** Project development has been on hold since the September 2021 report when the construction delivery partner had indicated that there would be an increase in the overall £54 million Campus costs agreed earlier in 2021 as well as the overall delivery of the project.

An amended business case is planned to be submitted to the Scottish Government's Health Directorate Capital Investment Group (CIG) later in 2022 when updated costs and timescales will be presented.

**Contact for public enquiries:** email: [debbie.bozkurt@nhs.scot](mailto:debbie.bozkurt@nhs.scot)

## **Project: NHS Greater Glasgow and Clyde - North East Hub**

**Business case approved stages:** Provision of a new build community hub, which will replace 10 different buildings across Glasgow North east area. Hub will include a number of services including GP practices, pharmacy, podiatry, physiotherapy, speech therapy, adult mental health services, sexual health, social work, staff and community-training facilities, reprovision of Parkhead community library and wellbeing including health improvement. The OBC outlined that the project is estimated to cost £67.3 million and that it is planned to be operational in June 2024. The FBC outlined that the project is estimated to cost £71.7 million and that it is planned to be operational in July 2024 (Hub West Scotland is procurement route for project).

**Progress at March 2022:** The project has moved to FBC and is now in construction. The FBC outlines that the project is estimated to cost £71.7 million and that it is planned to be operational in July 2024.

The FBC cost is an increase to that at OBC and as previously reported. This is due to the design and pricing having been developed against the backdrop of COVID-19 challenges and at a time of market volatility around labour and material availability and costs.

The operational date is later than that at OBC and is due to the movement by one month of the financial close date.

**Progress at September 2022:** No change to cost or timing since last report.

**Contact for public enquiries:** email: [john.donnelly@ggc.scot.nhs.uk](mailto:john.donnelly@ggc.scot.nhs.uk)

## **Project: NHS Lothian - Oncology Enabling Projects, Edinburgh Cancer Centre**

**Business case approved stages:** Project relates to upgrading the Edinburgh Cancer Centre at the Western General Hospital. The FBC outlined that the total cost of the project was £20.6 million and that the project would be operational by November 2022 (Frameworks Scotland is procurement route for project).

**Progress at March 2022:** The overall estimated programme cost is now £23.1 million which is an increase to that at FBC and as previously reported. This is due to market testing of the Ward 1 element which increased by £1.1 million and a benchmarking exercise undertaken for Clinical Assessment Unit (CAU)/Wards indicated a further £1.4 million increase in this element. The exact figure will be confirmed following the target cost agreement in early Autumn 2022.

The estimated operational date is now October 2023 which is later than previously reported. This is due to the outturn duration of the detailed design and alignment with the NHS Lothian/Scottish Government governance dates as well as the development of the phasing and access strategy.

**Progress at September 2022:** No change to cost since last report.

The estimated overall completion date for project in construction is now November 2023 which is later than previously reported and is due to the extended market testing period for the last element of the programme in connection with current market conditions.

**Contact for public enquiries:** email: [Lothian.Communications@nhslothian.scot.nhs.uk](mailto:Lothian.Communications@nhslothian.scot.nhs.uk)

## **Project: NHS Ayrshire & Arran - Foxgrove (National Secure Adolescent Inpatient Service)**

**Business case approved stages:** Project comprises 12 bedded medium secure adolescent inpatient facility for Scotland located in Irvine, North Ayrshire. The FBC outlines

that the total cost of the project is £12 million and that it will be complete in 2023 (Frameworks Scotland is procurement route for project).

**Progress at March 2022:** The FBC is currently awaiting supported status from NSS Assure. It is anticipated that supported status will be gained during summer 2022 when cost and timings will be finalised.

**Progress at September 2022:** The FBC has been approved and the project is now under construction and progressing as per programme.

**Contact for public enquiries:** email: [fraser.bell@aapct.scot.nhs.uk](mailto:fraser.bell@aapct.scot.nhs.uk)

## **Project: NHS Tayside - Electrical Infrastructure Zone 2 - Radiotherapy, Maternity and West Ward Block**

**Business case approved stages:** Project will provide fully compliant primary electrical infrastructure, site resilience and dual unified supplies for the Radiotherapy, Maternity and West Ward block at Ninewells Hospital. The approved FBC outlined that the total cost of the project was £7.9 million and that it would be operational by May 2021 (Frameworks Scotland is procurement route for project).

**Progress at March 2022:** The total project cost is now estimated to be £8.9 million which is an increase to that at FBC and as previously reported. This is due a variety of factors including provision of an alternative HV (High Voltage) cable route.

The expected operational date is now July 2022 which is later than previously reported due to the COVID-19 situation which has affected both time and availability of construction materials.

**Progress at September 2022:** The total project cost is now estimated to be £10 million which is an increase in what was previously reported. This is due a variety of factors including provision of an alternative High Voltage cable route and the switchover process.

Construction continues and the estimated operational date is now January 2023 which is later than previously reported and is due to COVID-19 measures and construction market pressures which have affected both time and availability of construction materials.

**Contact for public enquiries:** email: [tay.projectinfo@nhs.scot](mailto:tay.projectinfo@nhs.scot)

## **Project: NHS Tayside - Ninewells Electrical Infrastructure Zone 3**

**Business case approved stages:** Project will provide fully compliant primary electrical infrastructure, site resilience and dual unified supplies for Zone 3 at Ninewells Hospital. The OBC outlined that the total cost of the project is £4.6 million and that it will be operational by 2021.

**Progress at March 2022:** The current indicative cost is around £8 million based on very high level estimates to take account of inflationary and other price increases since the OBC. The Design Team are currently preparing designs (incorporating lesson from zone 1 and zone 2) and technical solutions to confirm location.

The project is estimated to commence construction in June 2023 and be operational in January 2025. This is later than at OBC and is due to the ongoing synergies with the Zone 2 project which is currently on site.

**Progress at September 2022:** No change to cost or timing since last report.

**Contact for public enquiries:** email: [tay.projectinfo@nhs.scot](mailto:tay.projectinfo@nhs.scot)

## **Project: NHS Ayrshire & Arran - National Treatment Centre - Ayrshire & Arran**

**Business case approved stages:** Project will provide additional capacity that will deal with Orthopaedic procedures and reduce backlog of treatments in the west of Scotland (forms part of the National Treatment Centres Programme).

**Progress at March 2022:** The project is being progressed through an accelerated Scottish Capital Investment Manual process. A Strategic Initial Agreement has been approved. In lieu of an OBC, an Economic Appraisal has been submitted and approved.

The project is progressing to FBC which is due to be submitted September 2022. Indicative costs are between £10 million to £20 million and project is planned to be operational summer 2024.

**Progress at September 2022:** The project is progressing to FBC which is due to be submitted in March 2023. Indicative costs are currently £22 million which is an increase in what was previously reported. This is due to design development and an increase in scope for the facility which is greater than initially anticipated as well as a longer programme reflecting the greater scope and market rates which are subject to ongoing inflationary pressures. Costs are being further developed to reflect the detailed design.

The project is now estimated to be operational in 2025 which is later than previously reported and which is due to design development and an increase in scope for the facility which is greater than initially anticipated.

**Contact for public enquiries:** email: [debbie.kirk@aapct.scot.nhs.uk](mailto:debbie.kirk@aapct.scot.nhs.uk)



## **Sector: Further Education**

### **Project: Dunfermline Learning Campus (College element)**

**Business case approved stages:** New build college campus in Dunfermline, Fife. The OBC outlined that the total project cost would be £86 million, of which the NPD contract value (and Scottish Government contribution) was £70 million. It estimated that the project would be operational by August 2020. The College submitted a FBC in June 2017 for approval. However, due to the withdrawal of the NPD funding model and uncertainties on capital funding, approval was not given. Consequently, a decision was taken to put the project on hold pending assurances about funding. On 4 September 2019, the Scottish Government announced a commitment of £90 million to fully fund the College portion of the Dunfermline Education Campus.

**Progress at March 2022:** No change to cost since the last report.

Following approval in October 2021 for the project to continue towards a low carbon solution, the Decision Point 4 (DP4) assessment has been delayed until June 2022. This is later than previously reported and is to enable the College working with the project design team, to finalise costs which has been hampered by the current instability in the construction market.

Construction is planned to commence in summer 2022 with completion aimed for the start of academic year 2024-25.

**Progress at September 2022:** The DP4 submission has now been assessed by the Scottish Funding Council (SFC) and approved at a Chair's special committee. The DP4 approval was ratified by the SFC Board on 3 September 2022. The DP4 approval was for £119.4 million. Due to further inflation and resulting cost uncertainty, the project cost is likely to increase further. This has resulted in a delay to the DP4 recommendation to the Scottish Government. The SFC are now awaiting final full costs prior to making its recommendation to the Scottish Government.

Due to the delay in the DP4 recommendation, construction is now estimated to commence at the end of November 2022 with completion aimed for the end of 2024 which is later than previously reported.

**Contact for public enquiries:** email: [ndixon@sfc.ac.uk](mailto:ndixon@sfc.ac.uk)



## Sector: Justice

### Project: HMP Highland

**Business case approved stages:** HMP Highland will provide a fit-for-purpose community facing prison, which supports the Government's objective of reducing the risk of prisoners reoffending on release from custody. The approved OBC outlined that the total cost of the project is in the range of £98 million to £110 million and that it will be operational by July 2024.

**Progress at March 2022:** No change to cost or timing since the last report.

A contractor has now been appointed to provide pre-construction services which includes detailed design and sub-contract tendering. Certain enabling works have been carried out on site since November 2021 and it is planned that a programme of advance works commencing in May 2022, will precede the commencement of the main construction contract.

**Progress at September 2022:** The project cost is now £139.5 million which is an increase in what was previously reported. This is due to the project being updated to reflect the inclusion of Net Zero Carbon measures into the design, certain other design development, longer delivery timescales and construction price inflationary pressures higher than previously forecast.

The programme delivery dates including the main construction start have been extended and it is now estimated that the project will be operational in February 2025 which is later than previously reported. This is due to redesign works required to adapt the design to meet updated operational requirements and new carbon emission targets.

A programme of advance works is proceeding.

**Contact for public enquiries:** email: [gaolinfo@sps.pnn.gov.uk](mailto:gaolinfo@sps.pnn.gov.uk)

### Project: National Facility for Women Offenders

**Business case approved stages:** New national facility in Stirling, which forms part of the 'Transforming Scotland's care of women in custody' programme. The OBC outlined that the total cost was £53.2 million and that the project was to be operational in October 2020. The FBC for the project outlined that the total cost of the project will be £72.6 million and that it will be operational by February 2022.

**Progress at March 2022:** No change to cost since the last report.

The operational date has moved out to November 2022 which is later than previously reported. This is as a result of the impact of the reduced availability and delivery issues with a number of construction materials as well as on-going COVID-19 impacts on labour availability.

**Progress at September 2022:** The project cost has increased to £81.8 million which is an increase from the £74 million previously reported in the March 2021 report. This is due to delays owing to the impact of COVID-19 and construction sector market and supply chain issues, labour shortages and design development.

The operational date is now June 2023 which is later than previously reported and which is due to ongoing prolongation of the programme for Phase 1. The construction completion date has been delayed as a result of material and labour shortages in the construction sector and re-planning of the complex commissioning stage. The operational date will be around three months after construction completion to allow for final preparations for occupation including staff training and situational planning.

**Contact for public enquiries:** email: [gaolinfo@sps.pnn.gov.uk](mailto:gaolinfo@sps.pnn.gov.uk)

## **Project: Community Custodial Unit D - Dundee**

**Business case approved stages:** Provision of a Community-based Custodial Unit in Dundee (forms part of the 'Transforming Scotland's care of women in custody' programme). The FBC for the project outlined that the total cost of the project will be £11.6 million and that it will be operational in August 2021.

**Progress at March 2022:** No change to cost since the last report.

The operational date is now July 2022 which is later than previously reported. This is due to the preparations required for operational readiness. These include operational testing and commissioning which involves a wide range of activities from setting up the rooms, training the staff on the new systems and processes, physically walking through all standard operating procedures, reviewing risk assessments and safe systems of work, cleaning schedules etc the testing of contingency arrangements. Once these are in place, secondary assurance is sought from the Scottish Prison Service Operations Directorate prior to the facility being brought into operation.

**Progress at September 2022:** The facility is now complete and began operations at the start of August 2022, which is later than that previously reported. This was due to delays in the completion stages of the construction work arising from reduced labour availability and complexities encountered with the IT and security systems installation.

The project cost is now £12.3 million which is an increase to that as previously reported at FBC. This is due to additional expenditure arising from delays and impacts on progress as a result of COVID-19 as well as construction material inflation. This revised cost has still to be ratified through the Scottish Prison Service's internal project governance processes.

**Contact for public enquiries:** email: [gaolinfo@sps.pnn.gov.uk](mailto:gaolinfo@sps.pnn.gov.uk)

## **Project: Community Custodial Unit E - Lillas Centre, Maryhill**

**Business case approved stages:** Provision of a Community-based Custodial Unit in Glasgow (forms part of the 'Transforming Scotland's care of women in custody' programme). The FBC for the project outlined that the total cost of the project will be £12.6 million and that it will be operational in September 2021.

**Progress at March 2022:** No change to cost or time since the last report.

**Progress at September 2022:** The construction of the facility was completed in August 2022 and it became operational in October 2022. This is later than the previously reported date of June 2022 in the September 2021 report and is due to the severe construction labour shortages encountered in the Glasgow area by the main contractor over the past nine months which delayed construction completion.

The project cost is now £13.6 million which is an increase to that as previously reported at FBC. This is due to additional expenditure arising from delays and impacts on progress as a result of COVID-19, inflation and un-foreseen ground conditions. This revised cost has still to be ratified through the Scottish Prison Service's internal project governance processes.

**Contact for public enquiries:** email: [gaolinfo@sps.pnn.gov.uk](mailto:gaolinfo@sps.pnn.gov.uk)

## **Project: HMP Barlinnie Programme of Works**

**Business case approved stages:** Refurbishment of Prisoner Reception and partial refurbishment of the existing Health Centre and additional works to improve healthcare facilities within the accommodation halls. The approved FBC outlined that the total cost of the project will be £7.7 million and that it will be operational by November 2022.

**Progress at March 2022:** The total cost of project is now estimated at £9 million which is an increase to that included at FBC and as previously reported. This is due to construction related inflationary pressures and unforeseen additional works arising from undertaking a refurbishment project within a property of the type and age of HMP Barlinnie.

The operational date is now anticipated to be December 2022, which is later than that at FBC and as previously reported. This is due to delays arising primarily from construction materials supply issues and labour availability. However, as there is sectional completion, certain areas of the refurbished buildings will be complete and handed over at earlier dates.

**Progress at September 2022:** No change to cost since last report.

Construction continues and operational date is now anticipated to be March 2023 which is later than previously reported. This is due to significant delays caused by labour shortages and additional work to existing fabric identified during refurbishment works.

**Contact for public enquiries:** email: [gaolinfo@sps.pnn.gov.uk](mailto:gaolinfo@sps.pnn.gov.uk)

## **Sector: Rural and Environment**

### **Project: RBGE - Edinburgh Biomes**

**Business case approved stages:** Project will transform the current failing Royal Botanic Garden Edinburgh estate – home to Scotland’s national biodiversity research collections, to a create a world-class facility that will produce climate, economic, wellbeing and environmental benefits, as part of a green economic recovery for Scotland. The FBC outlined that the total cost of the project will be £89.9 million and the full programme will be completed by October 2027 with the public entrance Glasshouse the final planned phase of work. The Scottish Government funding amounts to £58 million 2021-2026 (Framework agreement is procurement route for project).

**Progress at March 2022:** No change to full programme since the last report.

The receipt of tenders in January 2022 for the first phase of work highlighted cost variances to the original estimates due to COVID-19 pandemic market conditions and the impact on supply chain availability and construction material inflation. The review of costs received alongside overall programme phasing assessment is underway.

The revised start date for the key infrastructure works is now forecast for June 2022 which is later than previously reported due to assessment of tenders received. The FBC full programme operational date however remains the same.

**Progress at September 2022:** No change to full programme since the last report.

Following a period of preparation works, the formal site start to the refurbishment of the Victorian Palm House commenced in September 2022 with Balfour Beatty (Principal Contractor). The decant of the internationally important plant collection continues in the front range glasshouses. The RBGE is assessing the tender report received in September 2022 for the energy centre and infrastructure. The procurement process has been protracted and heavily impacted by on-going market conditions with inflation being noted as the main reason for the tender delay.

In September 2022, Balfour Beatty provided an interim cost update based on their work with the market to date. On review of this, it is clear that the energy centre and infrastructure will need to be delivered in two separate phases to suit available funding in each year. Balfour Beatty are currently working to provide a proposal to allow the infrastructure part of the works to commence as a first phase, starting this year. The energy centre would follow as a second phase. The impact of construction material inflation and labour costs continue to be assessed across the remainder of programme, with potential impact on the phasing of works. The final operational date however remains the same as FBC.

**Contact for public enquiries:** email: [andrew.mackie@gov.scot](mailto:andrew.mackie@gov.scot)

## Summary of changes note

This note summarises key points and changes within the report since the March 2022 progress update.

### Projects no longer included within the report.

The following projects were reported as being completed or operational within the last progress update and are therefore now no longer included:

- A77 Maybole Bypass
- A92/A96 Haudagain Junction Improvement
- A9 Luncarty to Pass of Birnam
- NHS Highland - Redesign of Services for Skye, Lochalsh & South West Ross (Broadford Hospital)
- NHS Highland - Redesign of Services for Badenoch and Strathspey (Badenoch & Strathspey Community Hospital)
- NHS Greater Glasgow and Clyde - Clydebank Health & Care Centre
- NHS Tayside - Children's Theatre Suite Project including the Multi Storey Plant Room

### Projects included within report for first time.

- Fife Decarbonisation
- Borders Railway Decarbonisation

### Notable events relating to major projects within the report since last update.

- The Liliac Centre - A new community custodial unit located in the Maryhill area of Glasgow became operational in October 2022. The Liliac Centre has accommodation for 24 women and as with The Bella Centre, continues the Scottish Government's vision of managing female offenders in a way that better supports their rehabilitation.
- RBGE - Edinburgh Biomes - Refurbishment of the Victorian Palm House at the Royal Botanic Garden Edinburgh commenced in September 2022. Work involves replacing stonework, roof structures and windows providing long-term protection for almost 800 plant specimens that are normally housed in the Palm Houses. In addition, all ironwork including the spiral staircases, guttering and downpipes will be restored. The restoration will safeguard a global botanical resource and restore the historic buildings.
- The Bella Centre - A new community custodial unit located in the Hilltown area of Dundee, became operational in August 2022. The Bella Centre has accommodation for 16 women and will deliver a marked departure in terms of the management of female offenders as it was specifically designed with the needs of women in mind.
- Fife Decarbonisation - The first phase of a rail decarbonisation scheme to electrify the Fife rail route was approved to move to construction phase. The scheme has been developed by Transport Scotland and Network Rail and construction commenced in

June 2022 with electrification of the section between Haymarket and Dalmeny (south of the Forth Bridge).

- Borders Railway Decarbonisation - The project to decarbonise the Borders Line took a step forward in June 2022 with approval given to progress the next design phase of the scheme to deliver partial electrification of the route using battery electric multiple units.

## **Annex C: Infrastructure Investment Plan 2021-22 to 2025-26 - Programme Pipeline Update**

**The following information relates to infrastructure programmes with an investment of £20 million or more.**

The information mainly relates to the delivery of key major infrastructure programmes included at Annex D of the Scottish Government's Infrastructure Investment Plan published in February 2021 and other ongoing key major infrastructure programmes included within previous updates.

The majority of information reports the position as at 30 September 2022. If, however there has been a significant change in any programme between then and end of October 2022, the accompanying information relating to that programme has been updated.

Programmes inclusions are presented by sector.

All planned dates and costs are subject to the continued impact on labour supply of the COVID-19 pandemic, as well as issues around supply chains and the availability of construction materials as well as significant cost inflation on a range of construction materials driven more recently in part by the conflict in Ukraine.

## **Sector: Transport**

### **Programme name: A9 Dual carriageway**

**Programme description:** Phased improvements to the existing A9 Perth to Inverness.

**Estimated total investment:** £3 billion.

**How is programme being funded:** First three phases of programme capital funded. A range of financing options to be considered during subsequent stages of design and assessment.

**Programme delivery timetable:** Preparatory and construction work underway with phased programme of schemes as they emerge from statutory process. A market consultation exercise was undertaken in 2021 and 2022 to inform assessment of procurement options for the remaining sections when the statutory process is complete. Determination of the optimal procurement option is a complex exercise which is considering a pipeline of work in a form that can be delivered by the industry, supports the economic recovery post COVID-19 and minimises disruption to users of this lifeline route. Completion of this assessment will inform decision making on the procurement approach for the remaining schemes.

**Latest programme progress:** Design is nearing completion (for eight of nine sections), delivery is underway and we are finalising the assessment of options to determine the most efficient delivery model for the remainder of the programme. The second stretch to be dualled between Luncarty and Birnam opened to traffic in August 2021 and was completed in December 2021. The next section to be constructed is between Tomatin and Moy and this is currently in procurement with the construction contract expected to be awarded in the second half of this year.

The statutory process is well underway for seven of the remaining eight schemes. Ministerial consent to publish Made Orders has been received for six of these schemes with four published in 2021, namely: Glen Garry to Dalwhinnie, Dalwhinnie to Crubenmore, Tay Crossing to Ballinluig and Pitlochry to Killiecrankie. Made Orders for the other two schemes with Ministerial consent are scheduled to be published in the coming months. A decision by Ministers on the Public Local Inquiry Report for the Killiecrankie to Glen Garry scheme is also expected shortly. Subject to positive decisions, this would pave the way for completing the statutory processes for approximately 92% of the programme.

The only section not to have started the statutory process is Pass of Birnam to Tay Crossing, which was subject to a Co-creative Process and where work is currently underway to identify the preferred route this year.

**Contribution to economic development:** It is designed to deliver economic growth through improved road safety and reliable and quicker journey times, as well as better links to pedestrian, cycling and public transport facilities.

**Contact for public enquiries:** email: [A9Dualling@transport.gov.scot](mailto:A9Dualling@transport.gov.scot)



**Programme name: A96 Dual carriageway**

**Programme description:** Phased improvements to the A96 from Inverness to Aberdeen.

**Estimated total investment:** £3 billion.

**How is programme being funded:** A range of financing options to be considered during subsequent stages of design and assessment.

**Programme delivery timetable:** The Scottish Government is committed to improving the A96 between Inverness and Aberdeen and will take forward a transport enhancements programme on the corridor. Delivery of any section of the dualling programme can only commence if it is approved under the relevant statutory procedures and thereafter a timetable for its progress can be set.

**Latest programme progress:** As part of the Co-operation Agreement with the Scottish Green Party which concluded on 30 August 2021, the Scottish Government will take forward a transport enhancements programme on the corridor that improves connectivity between surrounding towns, tackles congestion and addresses safety and environmental issues. The current plan is to fully dual the A96 route between Inverness and Aberdeen and a transparent evidence-based review of the programme is underway and will report by the end of this year.

Dualling from Inverness to Nairn as well as a bypass of Nairn is included in the transport enhancement programme, as set out in the Co-operation Agreement and we continue to progress the preparation stages of the scheme with a view to completing the statutory process. The A96 Dualling Inverness to Nairn (including Nairn Bypass) scheme, which runs from Inverness to Hardmuir is separate from the wider A96 review process which is currently being undertaken. Delivery of the scheme itself can only commence if approved under the relevant statutory procedures and thereafter a timetable for progress can be set in line with available budgets.

**Contribution to economic development:** Economic growth through reduced journey times, improved journey time reliability, improved road safety and opportunities for active travel and public transport.

**Contact for public enquiries:** email: [A96Dualling@transport.gov.scot](mailto:A96Dualling@transport.gov.scot)

**Programme name: A82 Tarbet to Inverarnan**

**Programme description:** Improvements to the 17 km route between Tarbet and Inverarnan adjacent to the west bank of Loch Lomond.

**Estimated total investment:** £250 million-£500 million.

**How is programme being funded:** Capital funded

**Programme delivery timetable:** Delivery of the scheme can only commence when it is approved under the statutory procedures and thereafter a timetable for construction can be set.

**Latest programme progress:** Detailed development and assessment of the preferred option for the A82 between Tarbet to Inverarnan scheme is being informed by an enhanced understanding of the specific complexities of improving this iconic route. Detailed consideration of mitigating disruption to all road users during construction is being informed through on-going engagement with key stakeholders.

**Contribution to economic development:** Economic growth through improved road safety, increased opportunities for active travel and public transport, and improved journey time reliability.

**Contact for public enquiries:** email: [A82upgrade@jacobs.com](mailto:A82upgrade@jacobs.com)

## **Programme name: Glasgow Subway Modernisation**

**Programme description:** 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.

**Estimated total investment:** Scottish Government contribution of up to £246 million to Strathclyde Partnership for Transport (SPT) towards estimated total project cost £287.5 million.

**How is programme being funded:** Grant funding contribution up to period 2024-25.

**Programme delivery timetable:** Modernisation will support the future of the Subway, linking it to other transport modes across the City of Glasgow, including the Interchanges at Govan and Partick and contribute to the regeneration of the City.

**Latest programme progress:** COVID-19 has continued to have an impact on modernisation progress through contractor availability and manufacturing process in Europe, although this is now easing. SPT has taken delivery of a number of new trains and is conducting off-line testing on a test track in Glasgow. Works have continued on the infrastructure work stream with the ongoing focus of completing key improvement and modification works across tunnel, track and line assets, in readiness for the new system and mainline train testing.

**Contribution to economic development:** Economic growth through improved accessibility, integration of public transport and improved journey time reliability.

**Contact for public enquiries:** email: [enquiry@spt.co.uk](mailto:enquiry@spt.co.uk)

## **Programme name: Active Freeways**

**Programme description:** High quality arterial active travel, providing sustainable transport infrastructure between settlements and major trip attractors.

**Estimated total investment:** £50 million.

**How is programme being funded:** The commitment is to allocate 10% of the transport budget (or £352 million) per annum by the end of this parliamentary session.

**Programme delivery timetable:** For delivery of projects on the ground in 2025-26 (Scheme design and development during 2021-22 to 2024-25).

**Latest programme progress:** Progress on Active Freeways concept is being undertaken with the second Strategic Transport Projects Review (STPR2). Consultation on the 45 draft STPR2 recommendations took place between January and April 2022. The final recommendations and accompanying delivery plan are to be published later this year.

**Contribution to economic development:** Development of active freeways on radial routes and other high-demand corridors in Scotland's large urban areas, with priority given initially to the larger cities. Comprehensive networks of active freeways would connect outlying neighbourhoods, including those with poor existing links, to city centres and other important destinations. Supporting connections would allow people to readily access active freeways from their homes, schools and workplaces, and other busy locations. Active freeways would also connect to other routes to provide links to neighbouring settlements.

**Contact for public enquiries:** email: [stpr2@transport.gov.scot](mailto:stpr2@transport.gov.scot)

## **Programme name: Future Transport Fund – capital to support a range of low and zero carbon investment**

**Programme description:** Grants and investments to support a range of low and zero carbon transport initiatives such as: electric vehicle charging and hydrogen infrastructure; fleet transformation; Innovation and Sector Transition Initiative; Freight Facilities Grant; Strategic Timber Transport Scheme.

**Estimated total investment:** £287 million.

**How is programme being funded:** Grant funding.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** Announced a new £60 million public/private funding scheme to support the new vision for scaling up and commercialising investment in electric vehicle charging across Scotland. Utilising new evidence and data to support ongoing

engagement with public bodies to deliver fleet rationalisation and decarbonisation, investing £10 million in decarbonisation of public body fleets this financial year.

Investing £9.5 million in innovation and supply chain projects, amongst others, working in partnership with the University of St Andrews, Scottish Enterprise and Michelin Scotland Innovation Parc to deliver the LOCATE drivetrain testing facility which is due to open in the summer of 2023.

Driving the Electric Revolution Scotland (DERS) Industrialisation Centre - Working in partnership with the Strathclyde University to support the creation of an innovation centre supporting the development and testing of components and systems for zero emission vehicles. Industry engagement for equipment and building specifications has now been completed. DERS is set to open in 2022.

**Contribution to economic development:** Economic growth through the provision of infrastructure to reduce the cost and time required to develop and test of zero emission vehicles, supporting economic opportunities in Scotland's automotive supply chain and supporting the development of local markets for hydrogen, supporting public sector fleet decarbonisation, and leveraging Scotland's strengths in renewable energy generation and opportunities for economic growth through hydrogen supply chain development.

**Contact for public enquiries:** email: [TSLCE.BMU@transport.gov.scot](mailto:TSLCE.BMU@transport.gov.scot)

## **Programme name: Bus Partnership Fund (formerly Future Transport Fund – Bus Priority Investment)**

**Programme description:** Investment in bus priority infrastructure to tackle the negative impacts of congestion on bus services, making journey times shorter and services more reliable. Encouraging people to leave their cars at home and raise bus usage.

**Estimated total investment:** Part of £500 million of long term investment in bus priority infrastructure.

**How is programme being funded:** Grant funding.

**Programme delivery timetable:** 2021-22 onwards.

**Latest programme progress:** Eleven local bus partnerships have now been awarded funding through the Bus Partnership Fund. This is initial funding towards the delivery of bus priority on local and trunk roads, funding quick wins and supporting local authorities in developing business cases to identify further projects for delivery that provide the most benefit for passengers, businesses and communities while ensuring value for money.

**Contribution to economic development:** The Bus Partnership Fund focusses on the evidence of how bus services will be improved by addressing congestion. The approach is also expected to leverage other bus service improvements to help reduce inequalities and take climate action through reducing private car use and increase bus patronage.

**Contact for public enquiries:** email: [jennifer.ruddick@transport.gov.scot](mailto:jennifer.ruddick@transport.gov.scot)

## **Programme name: Support for zero-emission bus fleet transition**

**Programme description:** Supports the transition to zero-emission buses and considers input from the Bus Decarbonisation Taskforce.

**Estimated total investment:** £120 million.

**How is programme being funded:** Grant funding.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** Launch of £0.5 million Zero Emission Bus Market Transition Scheme (MTS). The MTS expands the scope of the successful first phase of the ScotZEB Challenge Fund to include community, transport to health, transport to school and coach operators. The scheme is designed as a stepping stone to develop a competitive bid for the second round of ScotZEB challenge fund launching spring 2023. Following a review of Phase 1, Phase 2 will have a wider scope and incorporate community buses, home to school buses and tourist and private hire coaches in addition to public service buses. Prior to Phase 2 opening in Spring 2023, we are making £0.5 million available to bodies who want to explore options, form consortia to disrupt the market, and/or demonstrate repowering.

**Contribution to economic development:** The MTS aims to support the pathway to zero emission buses designed by the Bus Decarbonisation Taskforce. Specifically, the Scheme is designed to support change across the market so that zero emission buses become a self-sustaining industry with new collaborative business models being adopted by bus operators and energy providers which leverage in commercial investment, drive down prices of new technology, and support the circular economy for vehicle batteries. The Scheme specifically support SME's (small and medium-sized enterprises) and those named above to develop competitive bids which will change the way the Scottish bus market operates. To date, the Scottish Government has awarded £113 million supporting the purchase of 548 new battery-electric buses. In each funding round we have been able to reduce the subsidy per bus as the market adjusts.

**Contact for public enquiries:** email: [amber.jamieson@transport.gov.scot](mailto:amber.jamieson@transport.gov.scot)

## **Programme name: Rail Decarbonisation Action Plan**

**Programme description:** Initial Decarbonisation projects subject to STPR (Strategic Transport Projects Review) Phase 1 includes (not exhaustive) Traction Power - 6 Feeder stations to support Electrification, Levenmouth Electrification, Fife Decarbonisation and East Kilbride. Phase 2 is in development and will include (not exhaustive) Aberdeen to Central Belt Electrification.

**Estimated total investment:** £907 million.

**How is programme being funded:** Grant funding.

**Programme delivery timetable:** 2021-22 to 2025-26 for initial projects. Full programme is around 15 years.

**Latest programme progress:** We will decarbonise Scotland's passenger rail services by 2035, ahead of the UK's target of 2040. Continued development of rail decarbonisation strategy and delivery of initial projects, ensuring alignment with STPR2 Phase 1, National Transport Strategy, Capital Spending Review and wider SG Policy. Alignment of decarbonisation projects with the STPR 2 Phase 2 consultation which is currently underway.

We have already announced the Decarbonisation of the Barrhead lines due for completion in December 2023. We continue to make good progress on the development of the next phase of decarbonisation projects for the East Kilbride, Borders and Fife routes.

**Contribution to economic development:** Through investment in electrification and complementary traction systems, we will decarbonise the traction element of domestic daytime passenger rail journeys in Scotland. This also demonstrates our approach to investment in green technologies and our commitment to creating a greener, more environmentally just economy with growth in greener, more sustainable sectors.

**Contact for public enquiries:** email: [Edward.Mchugh2@transport.gov.scot](mailto:Edward.Mchugh2@transport.gov.scot)

## **Programme name: Skye Triangle Infrastructure Programme**

**Programme description:** Infrastructure improvement work at the following ports: Uig (Skye), Tarbert (Harris) and Lochmaddy (North Uist).

**Estimated total investment:** £108 million.

**How is programme being funded:** Capital funding / Grant funding.

**Programme delivery timetable:** Estimated completion dates:

- Tarbert: Winter 2021 (marine works) Spring 2023 (landside terminal building)
- Lochmaddy: Spring 2023
- Uig: Spring 2024 (marine works), Summer 2024 (landside terminal building)

**Latest programme progress:** As stated in March 2022 update, the estimated total investment increased from £95 million to £108 million a result of increased costs from tenders (specifically the Uig project).

Tarbert – marine construction contract awarded in September 2019. Works were temporarily suspended due to COVID-19. Re-mobilisation of works commenced on site on 29 June 2020 with works completed January 2022.

Tarbert - Landside infrastructure works. In March 2022 a contract was awarded to local building firm Lewis Builders to construct a new terminal building at Tarbert. Works to build the new terminal building commenced in Spring 2022 and are anticipated to take a year to complete (Spring 2023).

Lochmaddy - Second procurement exercise completed in September 2021 with a contract award to George Leslie Ltd in February 2022. George Leslie Ltd will be responsible for completing all civil engineering works for the harbour upgrade project, including the extension and strengthening of the pier, upgraded fendering, seabed dredging land reclamation and extended marshalling and parking areas. Construction works commenced in March 2022 and are estimated to complete in Spring 2023. CalMac will continue to operate ferry services during the works.

Uig construction project - In November 2021, the Highland Council awarded RJMcleod Ltd the civil engineering contract for infrastructure improvements at the port. The works include an extended marshalling area, new berthing structure strengthening and widening, linkspan replacement, approach way repair and widening, a relocated new waiting shelter, a new terminal building (to be tendered separately and constructed during the main works), dredging and utility provision. The Marine works planned completion date is now Spring 2024. This was moved from winter 2023 to accommodate the revised berth closure period. We have been able to reach a solution with all parties where the berth closure period has been reduced from 24 to 14 weeks, split over two periods during 2023 (16 January to 13 March 2023 and 30 October to 11 December 2023). The changes followed considerable engagement with the communities and further detailed work to understand the resilience of the continued operation of Uig and gives confidence in operation of ferry services through the busy summer period.

**Contribution to economic development:** The Skye Triangle Infrastructure Programme contributes to the economic development of these island populations, communities and businesses, by ensuring that its upgraded port infrastructure supports and ensures ferry services continue to operate, thus boosting economic sustainability through tourism; for this route. (Tarbert (Harris), Lochmaddy and Uig).

**Contact for public enquiries:** email: [caroline.connelly@transport.gov.scot](mailto:caroline.connelly@transport.gov.scot)

## **Programme name: Rail Major Project Enhancements**

**Programme description:** Funds Pipeline of Rail Infrastructure projects to enhance Scotland's Railway. Initial Non -Decarbonisation projects subject to STPR (Strategic Transport Projects Review) Phase 2 alignment (not exhaustive) include Aberdeen to Central Belt (Journey Time Improvements), Access for All schemes, Far north Line, Freight Gauging, Stations (New & Upgrades) and Levenmouth – Reconnection Project.

**Estimated total investment:** £406 million.



**How is programme being funded:** Grant funding.

**Programme delivery timetable:** 2026.

**Latest programme progress:** Work is now underway on the Levenmouth Railway project which will deliver a double tracked electrified railway with 2 new stations and active travel links by Spring 2024. We continue to make good progress on our new stations. In the Borders, the new Reston station entered service in May 2022 and this will be followed by East Linton Station by the end of March 2024. The new Inverness Airport Station will enter service in December 2022. Financial reviews undertaken to align project progress with budget requirements and the alignment of Rail Major Project Enhancements (non-decarb) projects continues pending the outcome of the current STPR 2 Phase 2 consultation process.

**Contribution to economic development:** To deliver a programme of enhancements, which can deliver improvements to journey times and increases in capacity and reliability for passenger and freight services. By implementing Access for All measures it will improve the accessibility of Scotland's railway stations.

**Contact for public enquiries:** email: [Edward.Mchugh2@transport.gov.scot](mailto:Edward.Mchugh2@transport.gov.scot)

## **Programme name: CMAL – Voted Loans – net vessel investment**

**Programme description:** Provides for loans to Caledonian Maritime Assets Ltd (CMAL) for procurement of vessels. Proposals cover: Islay, Gourock-Dunoon/Kilcreggan, Small Vessel Replacement Programme, Oban-Craignure, Mallaig-Lochboisdale, Northern Isles freighters.

**Estimated total investment:** £281 million.

**How is programme being funded:** Voted loans.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** Engagement between Transport Scotland and CMAL is ongoing via working groups, including CalMac and Serco NorthLink as ferry operators.

CMAL confirmed the purchase of MV Utne (now MV Loch Frisa) in October 2021. The vessel underwent modification and improvements works and entered service on the Craignure-Oban route in Summer 2022.

CMAL awarded contracts for two new major vessels for Islay routes in March 2022. The first vessel is expected to be delivered by October 2024 and will enter service following sea trials and crew familiarisation. The second vessel will follow in early 2025.



Design consultants have been appointed to progress the Small Vessel Replacement Programme. This will result in up to 7 new vessels serving communities across Scotland within the next five years.

Consideration continues to be given to bringing additional vessels in to the CMAL fleet for deployment on the Hebrides ferry service (CHFS) and Northern Isles ferry service. (NIFS) networks through potential purchase of second hand vessels.

**Contribution to economic development:** Delivery of new and additional vessels contributes to the economic development of our island and remote communities and businesses through improved ferry services.

**Contact for public enquiries:** email: [david.torrance@transport.gov.scot](mailto:david.torrance@transport.gov.scot)

## **Programme name: Piers and Harbours Grants**

**Programme description:** Provides grants to fund port operators (other than local authorities) for improvement to piers and harbours, particularly to support ferry services to and from Scotland's islands. Includes project such as Ardrossan, Skye Triangle and Gourock Harbour, proposed projects at Lochboisdale, Armadale and Kennacraig, and an Oban Masterplan.

**Estimated total investment:** £306 million (this figure includes Skye Triangle as stated above).

**How is programme being funded:** Capital funding / Grant funding as per GBER Article 56(b) regulations which dictate what funding intervention rate is applied.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** Engagement between Transport Scotland and projects leads, such as Peel Ports / North Ayrshire Council and CMAL is ongoing via working groups, including CalMac as ferry operator.

Ardrossan – work continues on the marine and landside infrastructure including the Passenger Access System (PAS) and Liquefied natural gas (LNG) work-streams. Discussions on commercial arrangements between Transport Scotland and Peel Ports Group continue.

Troon – fender works have been completed including a new suspended concrete deck to support the ferry service when it operates temporarily out of the port during the Ardrossan construction period. The majority of the landside works have now been completed, however the terminal building is not yet on site. The building is in Portakabin premises in Hamilton, South Lanarkshire and has been substantially fitted out. Some preparation works of around 6-8 weeks are still required at the site before the building can be delivered. These works have been delayed as we await statutory approvals from SEPA

(Scottish Environment Protection Agency). The marine works at Troon which includes new fenders and a suspended concrete deck were completed in March 2022.

Gourock - project is in the design and planning stage being developed by CMAL following the public consultation event in October 2021. Engagement with communities will follow once the project progresses. Other pipeline projects are at early stages of development.

**Contribution to economic development:** Upgrades made possible by grant funding to port and harbours infrastructure contributes to the economic development of island communities and communities and businesses, by ensuring that the port infrastructure supports and ensures ferry services continue to operate.

**Contact for public enquiries:** email: [david.torrance@transport.gov.scot](mailto:david.torrance@transport.gov.scot)

## **Programme name: Road Adaptations Fund**

**Programme description:** Trunk Road Minor Improvement Schemes to address the impacts of climate change, improve network efficiency, safety and resilience contributing to a low carbon economy.

**Estimated total investment:** £60 million.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 2022-23 to 2025-26.

**Latest programme progress:** Budget has been allocated from 2022-23 and will be utilised accordingly in due course. A programme of projects across Scotland has been commenced with several schemes due to be delivered this financial year.

**Contribution to economic development:** Fund enables significant value multidisciplinary schemes to be progressed ranging from specific roads schemes to joint schemes that interface with rail, sea and active travel. Schemes will improve connectivity, journey time reliability and safety of the road network, which includes a number geotechnical improvements in complex locations across the north of Scotland.

Over next 3 years, fund will contribute to a number of high profile schemes across Scotland including concluding short term mitigation works at A83 Rest and Be Thankful, new Lhanbryde Cycleway as well as A893 Ullapool Harbour and Shore Street upgrades. In addition, there are planned improvements to A830 Borrodale Bridge, collaborating with Network Rail, and non-motorised unit improvements on A9 Raigmore Interchange, working with Highland Council. These schemes will provide safety and active travel improvements.

As well as large notable projects the fund also allows smaller improvements to be made to the network. These often provide significant betterment to existing outdated provisions such as linking cycle paths / footways, review of Vehicle Restraint Systems, and layby

upgrading/provision. This contributes to reliability and road safety for transport of goods, general travel and connectivity across Scotland.

**Contact for public enquiries:** email: [George.fiddes@transport.gov.scot](mailto:George.fiddes@transport.gov.scot)

## Sector: Health

### Programme name: National Treatment Centres

**Programme description:** New Diagnostic and Treatment Centres to allow people to be treated more quickly for planned surgery. The programme will encompass the provision of additional elective capacity across 10 National Treatment Centres (NTCs) in 9 Health Boards to cover the all-Scotland requirement out to 2035. This will require new build as well as refurbishment of existing infrastructure.

**Estimated total investment:** Over £600 million.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** Delivery of all units is expected to be completed by 2027.

**Latest programme progress:** The four NTC's currently in construction are estimated to be operational in 2023. The remaining NTS are at various stages of development and are progressing. Projects in development are incorporating the policy requirement to be Net Zero Carbon buildings.

- Building work has completed on the Golden Jubilee National Hospital's Phase 1 Ophthalmology Unit Development and the unit became operational in November 2020
- NTC - Fife is under construction and estimated to be completed late 2022 and operational in January 2023
- NTC - Forth Valley project to increase Elective Care capacity in NHS Forth Valley is under construction and estimated to be completed in March 2023
- NTC - Highland is under construction and estimated to be completed in April 2023
- Golden Jubilee National Hospital's Phase 2 is under construction and estimated to be operational in August 2023
- NTC - Ayrshire and Arran is progressing towards Full Business Case (FBC) submission
- NTC – Tayside's Outline Business Case (OBC) development is progressing and is expected to be submitted for review in early 2023
- NTC - Lothian at St John's Hospital in Livingston - OBC for the has been approved and NHS Lothian are in the process of developing their FBC
- NTC – Grampian has concluded a clinically led review of the scope of the project and is finalising an options appraisal process. Revised dates for the project plan are currently under development
- NHS Lothian's replacement for Edinburgh Eye Pavilion is now an integral part of NTC programme and NHS Lothian are working towards a Full Business Case submission

- NTC - Lanarkshire project is at the early stage of planning and will progress towards an Initial Agreement

**Contribution to economic development:** Each of the projects in development will utilise a Project Bank Account. The NTC programme will support at least 1,500 new NHS jobs. Each project will provide a number of Community Benefits delivered as a requirement of the Principal Supply Chain Partners appointment.

**Contact for public enquiries:** email: [Margaret.Sherwood@gov.scot](mailto:Margaret.Sherwood@gov.scot)

## **Programme name: eHealth**

**Programme description:** HEPMA National Implementation Programme.

**Estimated total investment:** £24 million (2016-2025 with c£2.4 million still to be allocated).

**How is programme being funded:** Capital and revenue funded.

**Programme delivery timetable:** 2022-23 to 2024-25.

**Latest programme progress:** The implementation of HEPMA (Hospital Electronic Prescribing and Medicines Administration) has been ongoing for a number of years. A national Full Business Case (FBC) was produced and a national framework has been in place since 2016. Boards were tasked to look towards regional convergence which has been accepted as a significant challenge.

Due to the complexities involved, the regions (with the exception of the North) have moved towards a board by board roll-out with regional convergence as the longer term view. These complexities have led to significant delays in meeting the original FBC timeline and ultimately financial challenges due to the slow roll out. The launch of the Digital Health and Care Strategy has helped re-energise the programme with delivery across the county now being taken forward at pace. HEPMA has already been successfully implemented in six Health boards across Scotland and all remaining Health Boards all expected to roll it out by the end of 2025.

**Contribution to economic development:** The use of HEPMA can ensure the best value of public money by providing a range of benefits including: Accurate prescribing and administrations medicine; better communication between and within settings; greater consistency of clinical decision-making; better use of information; and improved use of medicines to enable transformation of clinical services and releasing staff time to care and efficiency.

**Contact for public enquiries:** email: [francis.santos@gov.scot](mailto:francis.santos@gov.scot)

## Sector: Schools

### Programme name: Learning Estate Investment Programme

**Programme description:** The programme will benefit around 50,000 pupils across Scotland. The programme will see more schools that are low emission, digitally enabled and better connected to their local communities.

**Estimated total investment:** £2 billion of infrastructure investment will be enabled (£1 billion from the Scottish Government with rest from Local Authorities).

**How is programme being funded:** 50/50 split between Scottish Government and local authorities.

**Programme delivery timetable:** All projects will be announced and funding allocated by 2026.

**Latest programme progress:** The first phase of school projects to benefit from funding through the Learning Estate Investment Programme (LEIP) was announced in September 2019. A second phase was announced in December 2020. Details of the schools can be found on the Scottish Government website at [Learning Estate Investment Programme](#).

The first LEIP projects started construction during the summer of 2021.

In December 2021, we confirmed that Phase 3 of the LEIP will open to local authorities in 2022 and successful projects will be announced before the end of 2022. In July 2022, we wrote to all Local Authorities inviting them to put forward for our consideration, their priority project(s) for investment by 31 October 2022.

**Contribution to economic development:** Investment in infrastructure is synonymous with economic growth. The LEIP is driving investment in new jobs in line with the Construction Industry Training Board published benchmarks for the education sector as well as providing Scotland's learners with facilities that help equip the workforce of the future.

**Contact for public enquiries:** email: [matthew.rennie@gov.scot](mailto:matthew.rennie@gov.scot)

## Sector: Housing

### Programme name: Affordable Housing

**Programme description:** The delivery of 50,000 affordable homes over the five years of the previous Parliament (2016-2021). Working with local authorities, housing associations and private developers, we are committed to investment and ensuring best value in order to maximise the number of affordable homes that can be delivered from available resources.

**Estimated total investment:** In the region of £6 billion of which £3.5 billion was made available through the Scottish Government towards the delivery of affordable homes with the remainder being an investment contribution by delivery partners.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** Delivery was targeted for the end of the last Parliamentary period.

**Latest programme progress:** The previous 50,000 affordable homes target was met during March 2022, a year later than planned, after delays caused by COVID-19 pandemic and global issues around supply and workforce affected the pace at which homes could be delivered.

Of the 50,000 affordable homes completed between 1 April 2016 and 23 March 2022, 34,407 homes (69%) were for social rent, 6,245 (12%) were for affordable rent, and 9,348 (19%) were for affordable home ownership.

**Contribution to economic development:** The delivery of 50,000 affordable homes over five years (excluding periods when construction was interrupted by COVID-19) has been estimated to support on average between 11,000 and 13,000 full-time equivalent jobs per annum in the construction and related sectors in the Scottish economy.

**Contact for public enquiries:** email: [morehomesbusman@gov.scot](mailto:morehomesbusman@gov.scot)

### Programme name: Alternative Funding to Support Affordable Housing

**Programme description:** The Affordable Housing Supply Programme is focussed on delivering more affordable and social homes, helping to create great places, and continuing to ensure the right types of homes in the right places to support Local Housing Strategies and regional development priorities / Delivery of the Housing to 2040 strategy Vision and aims.

**Estimated total investment:** We currently estimate that total investment will be in the region of £5.86 billion of which £3.6 billion is available through Scottish Government capital grant towards delivery of affordable homes, with the remainder being an investment contribution by delivery partners.

**How is programme being funded:** Capital funding committed from Scottish Government for five years to 2025-26 as well as borrowing by local authorities and registered social landlords / Housing Capital budget and private sector investment.

**Programme delivery timetable:** Initial phase 2021-22 to 2031-32.

**Latest programme progress:** We have now started to deliver against our commitment to 110,000 affordable homes by 2032, of which at least 70% will be available for social rent and 10% will be in our remote, rural and island communities. A total of 2,362 homes have been delivered by March 2022 towards the 110,000 target, of which 2,068 (88%) are homes for social rent. Delivering this ambitious 110,000 affordable homes target would support a total investment package of around £18 billion and up to 15,000 jobs each year.

Also, in line with the Housing to 2040 Vision, we will continue to support the delivery of housing as follows:

- Funding City Regional Deal housing activity including investing in strategic sites to deliver strong place-based investments over the next 20 years
- Continued support for housing infrastructure investment, building on the of the Housing Infrastructure Fund (HIF), which has invested nearly £50 million to date in unlocking developments. Since the new round of HIF grant funding was opened in October 2021, we have made £4.85 million of grant approvals, supporting transportation infrastructure works in the Dunfermline area that will ultimately help unlock delivery of c.8,000 new homes.
- Continued delivery of over £100 million of long-term loan investment delivering up to 1,850 mid-market rent (MMR) housing across Scotland by the end of 2023.
- Establishment of an Innovative Finance Steering Group to oversee the development and delivery of new proposals which will be designed to contribute to publicly committed affordable housing targets.

**Contribution to economic development:** Delivering this ambitious 110,000 affordable homes target would support a total investment package of around £18 billion (in 2022 prices) and up to 15,000 full-time equivalent jobs each year in the construction and related sectors in the Scottish economy.

**Contact for public enquiries:** email: [morehomesbusman@gov.scot](mailto:morehomesbusman@gov.scot)

**Programme name:** Housing Supply Supporting Home Ownership

**Programme description:** The delivery of support for Help to Buy, First Home Fund and Open Market Shared Equity.

**Estimated total investment:** £208 million.

**How is programme being funded:** Financial Transactions capital.

**Programme delivery timetable:** 2021-2023.



**Latest programme progress:** Financial Transactions funding totalling £84 million was made available across both the First Home Fund (FHF) and Help to Buy (Scotland) Affordable New Build and Smaller Developers Scheme (HtoB) in financial year 2021-22, with £64 million for Open Market Shared Equity (OMSE). £60 million has been allocated to OMSE in 2022-23 and contributes towards the Affordable housing supply Programme targets.

The First Home Fund (FHF) and Help to Buy (Scotland) Affordable New Build (HtoB) both closed on 31 March 2022. A small number of transactions across both schemes will settle during financial year 2022-23.

**Contribution to economic development:** A strong and growing house-building industry is key contributing factor to Scotland's future economic prosperity.

**Contact for public enquiries:** email: [morehomesbusman@gov.scot](mailto:morehomesbusman@gov.scot)

## **Sector: Regeneration**

### **Programme name: Regeneration and Place**

**Programme description:** The Place-Based Investment Programme (PBIP) aims to accelerate ambitions for place, 20-minute neighbourhoods, town centre action, community led regeneration and community wealth building. The programme includes the Regeneration Capital Grant Fund (RCGF), support for Clyde Gateway as well as potential pathfinder demonstrator projects.

**Estimated total investment:** £325 million.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** Local Authorities received £38 million for 2021-2022 from PBIP and will receive a further £33 million in 2022-2023 to support place based investment in their communities. In relation to RCGF, 48 projects across Scotland have received offers of grant for more than £50 million across 2021-22 and 2022-2023. Additional funding was allocated to the 5-year programme to support a number of place based demonstrator projects and meet increased costs of projects.

**Contribution to economic development:** The PBIP is seeing all 32 Scottish local authorities support wide ranging place based projects aimed at regeneration, revitalising town centres and addressing disadvantage. The 48 RCGF projects recommended have the potential to support or create more than 4,000 jobs, create more than 44,000 sqm of business space and support over 90 community facilities which will benefit more than 850 businesses or enterprises across disadvantaged and fragile rural communities.

**Contact for public enquiries:** email: [PBIP@gov.scot](mailto:PBIP@gov.scot)

### **Programme name: Clyde Gateway Regeneration Capital**

**Programme description:** Clyde Gateway is a partnership between Glasgow City Council, South Lanarkshire Council and Scottish Enterprise backed by funding and direct support from the Scottish Government. It has an initial 20-year operating plan which is delivering large scale physical, social and economic transformation over 840 hectares located in the east of Glasgow and including part of South Lanarkshire. Support for Clyde Gateway forms part of the wider £325 million Place-Based Investment Programme (PBIP).

**Estimated total investment:** £28.5 million.

**How is programme being funded:** Capital and revenue funded.

**Programme delivery timetable:** 2021-22 to 2025-26

**Latest programme progress:** Clyde Gateway received core grant support of £5 million for 2021-22 and a further offer of £5 million for 2022-23, supporting remediation work in Shawfield and creation of business space in Dalmarnock and Bridgeton.

**Contribution to economic development:** The capital support towards Clyde Gateway's 20-year business plan will continue to support its ambitions to deliver investment in the area, remediating and decontaminating vacant and derelict land while creating supporting infrastructure to create space for economic activity housing and green space. To date this activity has seen more than 6,700 jobs created and 3,700 businesses supported.

**Contact for public enquiries:** email: [gatewayenquiries@clydegateway.com](mailto:gatewayenquiries@clydegateway.com)

## Sector: Digital

### Programme name: Reaching 100% programme (R100)

**Programme description:** The R100 programme is a commitment unique across the UK, to enable access to superfast broadband with speeds of at least 30 Megabits per second (Mbps) to every home and business in Scotland.

**Estimated total investment:** Over £600 million has been committed to the R100 contracts with additional investment also available through the R100 Scottish Broadband Voucher Scheme (SBVS). Over the past year we have successfully secured further UK Government funding of £28.5 million through Project Gigabit to enhance and extend R100 contract coverage.

**How is programme being funded:** Government funding of £600 million has been committed to the North, Central and South R100 contracts (£579 million by SG and £21 million by UKG). Extra funding has since been added in to the South contract, in July 2022 and to the North contract in August 2022. In the South contract, this amounted to £6.6 million of funding from UK Government's Project Gigabit. In the North contract, this amounted to £29.6 million made up of £20.2 million of Scottish Government funding and £9.4 million from UK Government.

As the R100 contracts are 'gap funded', the contract delivery partner BT, also contributes towards the capital costs of delivery. This currently amounts to £54 million, including extra contributions added alongside the additional funding described above.

In 2021, UKG announced that it was investing £4.5 million in the Central contract area and £8 million in the North contract area to flip around 9,000 properties from fibre to the cabinet (FTTC) to fibre to the premises (FTTP).

**Programme delivery timetable:** While high quality infrastructure continues to be built across the country through the R100 contracts and ongoing works by commercial operators, the R100 programme was able to ensure that every address in Scotland could access superfast broadband by the end of 2021 through the provision of the R100 SBVS, meeting the Scottish Government policy commitment.

The R100 Central and South contracts were signed in December 2019 followed by the North in December 2020. Overall contract build is currently expected to complete in 2023-24 for the Central contract, 2024-25 for the South contract and 2027-28 for the North contract. These dates reflect additional time required to accommodate the extended build outlined above.

**Latest programme progress:** All 16 new subsea fibre cables have been laid through the R100 North contract with remediation work almost complete. These cables will provide gigabit capable, future-proofed, resilient connectivity to the following 15 Scottish islands island communities for decades to come:

- Colonsay, Iona and Lismore in Argyll and Bute
- Eigg in the Highlands

- Eday, Flotta, Hoy, Rousay, Sanday, Shapinsay and Stronsay in Orkney
- Fair Isle, Unst, Whalsey and Yell in Shetland
- There is also a cable laid between Sanday and Fair Isle

All of the planned R100 build in the South and North contract areas, including the recently announced extended build and the vast majority in the Central contract, will be gigabit capable. This is more than 30 times faster than the original commitment to deliver 30Mbps. As much of the technology delivered will go beyond the original superfast commitment, the engineering works will take time but it will ensure that a future-proofed and resilient broadband infrastructure reaches some of the most rural and remote areas of Scotland.

The R100 contract build is well underway with connections now live in all contract areas. As at 31 July 2022, over 10,900 connections to premises across the R100 contracts have been built.

The demand-led R100 SBVS continues to provide homes and businesses access to superfast broadband where no contracted or commercial build is scheduled. As at 1 September 2022, 2,437 premises had received a minimum of a superfast broadband connection courtesy of an R100 SBVS voucher with a further 783 vouchers issued.

**Contribution to economic development:** The R100 programme continues to contribute to Scotland’s economy. Access to superfast broadband is a key enabler for economic recovery and R100 public spending is focused where it is needed most – in rural Scotland. This can be illustrated through recent feedback from beneficiaries of the R100 programme:

A resident from Assynt, Sutherland said: “This installation has enabled me to accept a remote working job offer following seven years out of work.” A resident from Banavie, Highland said: “I would often travel 400 miles per week for work; I haven’t travelled at all for 21 months since my home broadband improved.”

**Contact for public enquiries:** All public enquiries should be directed towards the R100 Enquiries Team at the [Superfast Broadband - R100 Public Enquiries](#) website. Further information can be found at the [Superfast Broadband](#) website.

## **Programme name: Digital Public Services Programme**

**Programme description:** Increased investment in developing common digital operating platforms and the transformation of key public services.

**Estimated total investment:** £110 million.

**How is programme being funded:** Capital funding for the programme fund covers financial years 2022-23 to 2025-26.

**Programme delivery timetable:** Programmes are currently in-flight and are on target to deliver benefit realisation over the parliamentary term.

**Latest programme progress:** In December 2021, the Scottish Government Payments Service, reached a significant milestone, successfully processing its very first, one off payment to recipients of a discretionary fund administered by Independent Living Fund Scotland (ILF Scotland), its first beta partner.

The end of June 2022 saw the official launch of a Minimum Viable Service (MVS) as the service moved into a private beta phase. This beta launch commenced the start of ILF Scotland process regular weekly BACS (Bacs Payment Scheme) payment cycle via the Scottish Government payments service. As of 30 September 2022, the payments service has processed 15 consecutive weekly payment runs, making 550 individual payments totalling a value of approximately £1 million. Completion of the programme's next set of priorities and overall development of the payments service is expected at the end of financial year 2023-24, with on boarding of public bodies and benefit realisation expected to continue over a 10-year period until 2032. The first phase of beta delivery is expected to conclude in October 2022.

The Digital Identity Programme continues to work with its partner and is moving towards launch of a minimum viable service in Autumn 2022 with the Secure Sign On component ready in September 2022 and the integrated Secure Sign On and Identity Verification components ready in November 2022. Disclosure Scotland have signed up to be the first Service Customer for the Digital Identity service and exploratory work continues on the next component of the service.

The Cloud programme delivered Release 1.0, a minimum viable Scottish Government Cloud Platform AWS (Amazon Web Services) service in July 2022 and continues to provide services to Digital Payments, Digital Identity, Digital Connectivity R100 and Digital Data GISat. The design of Release 2.0 AWS strategic architecture has been completed, ready for build to commence in November 2022. Procurement of the AWS One Government Value Agreement is progressing, enabling Scottish Government Cloud Platform Service AWS customers access to discounted rates. The Azure environment has been secured through the existing Scottish Government Microsoft Enterprise Agreement, with the Alpha stage underway and due to be completed in November 2022.

The Cloud programme is developing the Full Business Case including a Service, Operations and Cost model for live service to submitted to the Cloud Programme Board for approval in November 2022. Work has commenced on confirming a pipeline of customers to on-board to the Scottish Government Cloud Platform Release 2.0 and defining the resourcing plan for an operational team to run the live service. The Cloud programme is on track to deliver Release 2.0, a Scottish Government Cloud Platform AWS live and Microsoft Azure beta service in April 2023. A Release 3.0 for SG Cloud Platform Microsoft Azure live is scheduled for the Summer 2023.

The CivTech 2022-26 Full Business Case was approved by Ministers in May 2022. This incorporates a significant scaling of the programme, in line with the 2022-26 Programme for Government commitment of up to £46 million funding for Challenges and £13.5 million operating costs. CivTech 7 launched in June 2022 and work is developing on the GovTech Cluster, with an anticipated launch in early 2023.

Working with CivTech, the Artificial Intelligence (AI) Strategy Delivery Programme has taken forward a number of innovation projects to deliver commitments in the strategy on transparency and accountability of public sector algorithms. The data platforms programme has delivered a first phase analytical workbench that now supports over 100 users with subsequent phases of the platforms programme underway.

**Contribution to economic development:** The Scottish Government's Digital Strategy 2021, A changing nation: How Scotland will thrive in a digital world, will drive efficiencies across the public sector. Digital Identity Scotland will provide a single digital identity for Scottish citizens to access public services in Scotland and the Payments platform will provide a centralised payments out/in digital service for public sector organisations to consume as required.

The Cloud First Programme enables the Scottish public sector to realise the benefits of Cloud services by accelerating the adoption of modern cloud technology by providing a Scottish Government Cloud platform. The programme will consolidate technical resources across Scottish Government to ensure public services are secure, sustainable and cost effective while supporting delivery of the Scottish Government's ambitions for a modern, flexible and responsive organisation, delivering services for the citizens of Scotland.

CivTech Alumni companies are employing over 300 people with an in-year gross increase in jobs in 2021-22 of 72 and an average remuneration of £44,441 per annum - 61% of turnover comes from Scotland; 30% comes from the rest of the UK; and 9% internationally. Private sector investment has risen from a total of around £6 million in March 2020 to over £50 million at March 2022. Of the 66 companies that have taken part in CivTechs 1-6, there is an 86% 'survival rate', comparing well to typical private sector accelerators where up to 80% of the teams fail, and to general start-up survival rates which have been calculated at 50% at the end of year 5.

The AI Strategy programme is supporting innovators and the effective use of data to support policy development and evaluation across a range of economic and social challenges facing Scotland, adopting a 'once for Scotland' approach to data analytics platforms.

**Contact for public enquiries:** Digital Identity Programme email: [digitalidentityscotland@gov.scot](mailto:digitalidentityscotland@gov.scot) / Digital Payments Programme email: [SGpaymentservice@gov.scot](mailto:SGpaymentservice@gov.scot) / Cloud Programme email: [Cloud1st@gov.scot](mailto:Cloud1st@gov.scot) / CivTech Programme email: [Mark.Elliott@gov.scot](mailto:Mark.Elliott@gov.scot) / AI Strategy email: [Jeremy.Darot@gov.scot](mailto:Jeremy.Darot@gov.scot)

## **Sector: Energy**

### **Programme name: Scotland's Heat Network Fund**

**Programme description:** Provides capital support to accelerate the deployment of new zero emission heat networks as well as support the decarbonisation and extension of current heat networks. The Fund will stay open to applications for the foreseeable future, with quarterly updates to be provided detailing the budget committed so far.

**Estimated total investment:** £300 million.

**How is programme being funded:** Programme is capital funded by the Scottish Government.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** Scotland's Heat Network Fund was launched in February 2022 to provide certainty to investors on the capital support available in Scotland to deploy heat networks. Expressions of Interest for the Fund and applications are being received. The launch of the Heat Network Support Unit will help build a pipeline of projects that will submit applications to the Fund, following on from the £1 million Heat in Buildings Development Funding Invitation launched in March 2022 to support the production of Investment Grade Business Cases for heat network projects.

The Heat in Buildings Strategy published in October 2021 committed £400 million to large scale heat decarbonisation over the next 5 years. The £300 million Scotland's Heat Network Fund makes up part of this commitment.

**Contribution to economic development:** Capital investment from the Fund will help grow a strong heat network industry in Scotland and create high quality jobs. Applicants to the Fund must demonstrate their project's potential to have a positive and significant contribution on skills and supply chain in Scotland.

**Contact for public enquiries:** email: [HeatNetworkFund@gov.scot](mailto:HeatNetworkFund@gov.scot)

### **Programme name: Low Carbon Infrastructure Transition Programme (LCITP)**

**Programme description:** Programme supports the acceleration of projects to develop investment grade business cases and the delivery of low carbon infrastructure projects.

**Estimated total investment:** Phase 1 (2015-2018) £76 million / Phase 2 (2018-2021) £60 million

**How is programme being funded:** Programme is capital funded by the Scottish Government with support for 40% activity through the European Structural Funds up until



the Green Recovery: Low Carbon Energy Project Capital Fund invitation which was launched in September 2020 and fully funded by the Scottish Government.

**Programme delivery timetable:** 2015-16 to 2022-23

**Latest programme progress:** The LCITP will not have any further funding invitations with the programme now closed. There are still 24 projects in the pipeline from previous LCITP funding invitations that are currently being constructed. The LCITP has supported the co-development of over 30 proof of concept and development proposals for low carbon projects. The LCITP has run a number of open funding invitations including the Social Housing Net Zero Heat Fund, Green Recovery: Low Carbon Energy Project Development Funding, Scottish Low Carbon Heat Funding Invitation, Transformational Low Carbon Demonstrator Invitation and the Innovative Local Energy Systems Invitation. Up to September 2022, LCITP has offered over £70 million of capital funding to 38 low carbon projects.

COVID-19 and Brexit impacted upon both the supply chain and delivery of projects and the delivery timetable has been extended.

**Contribution to economic development:** The LCITP has provided significant capital investment across various low carbon energy sectors in Scotland. Grants under the LCITP have been awarded on a competitive basis with the scoring criteria for applications requiring projects to demonstrate their potential to have a positive economic and social impact on Scotland.

**Contact for public enquiries:** email: [LCITP@gov.scot](mailto:LCITP@gov.scot)

## **Programme name: Heating in Buildings (Formally Energy Efficient Scotland Domestic programmes)**

**Programme description:** Investment in our domestic energy efficiency and zero emission heating systems supporting the elimination of poor energy efficiency as a driver of fuel poverty and reducing emissions from the housing stock.

**Estimated total investment:** £590 million.

**How is programme being funded:** Capital funded through the following routes:

- National fuel poverty scheme - currently Warmer Homes Scotland (WHS) which is delivered through a contract with Warmworks. A successor scheme is being procured to go live when the current contract expires. The successor will have a greater focus on decarbonisation and increased spend per intervention with an increased contract value
- Area Based Schemes (ABS) which are delivered through grant funding to local authorities

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** £55 million allocated to WHS and £64 million to ABS in 2022-23.

More than £194 million has been invested through the WHS scheme since its launch in September 2015 helping over 29,000 households throughout Scotland. The successor scheme is under procurement, and the existing scheme will be replaced in July 2023. Currently, households who receive improvements through the scheme are expected to save an average of £230 per year on their energy bills.

Our ABS programme has delivered £24 million in investment in the period up to November 2022 with further projects underway and others starting early in 2023. We recognise that the challenge of delivering these may increase further during the winter but continue to support councils to maximise delivery of energy efficiency improvements.

**Contribution to economic development:** Contributes to the development of the supply chain and skills base across all regions of Scotland including rural and island locations in order to support rapid acceleration in zero emissions heating system conversions and energy efficiency upgrades. Improves Scotland's housing stock by improving the property's energy efficiency and emissions ratings to the standard required to meet statutory targets. Provides benefits to the wider community through vocational training and employment opportunities. Aligns with Local Heat and Energy Efficiency Strategies and Delivery Plans in order to maximise benefits to local communities from the heat transition.

**Contact for public enquiries:** Home Energy Scotland acts as referrals administrator for national fuel poverty scheme and can be contacted through the [Home Energy Scotland](#) website / Heat in Buildings National Delivery email: [ceu@gov.scot](mailto:ceu@gov.scot) / Area Based Schemes Delivery Team email: [SGareabasedschemes@gov.scot](mailto:SGareabasedschemes@gov.scot)

## **Programme name: Social Housing Net Zero Heat Fund (Low Carbon Infrastructure Transition Programme)**

**Programme description:** Fund to support social housing landlords across Scotland to take forward projects to deploy zero emissions heat, improve energy efficiency and reduce fuel poverty. This fund is for the retrofit or refurbishment of existing housing stock and is not for new build social housing.

**Estimated total investment:** £200 million.

**How is programme being funded:** Programme is being capital funded solely by the Scottish Government.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** The fund has awarded £16.7 million to 24 social housing projects across Scotland. The £0.5 million Social Housing Net Zero Development Funding Invitation is supporting 8 Social Landlords to produce feasibility studies and Business

Cases for projects which can then subsequently progress to be considered for capital support under the Social Housing Net Zero Heat Fund. The Heat in Buildings Strategy increased the budget to £200 million to accelerate the deployment of energy efficiency measures and zero emission heating in order to achieve our 2045 climate ambitions.

**Contribution to economic development:** Applications for funding under the Social Housing Net Zero Heat fund must demonstrate the expected benefits that the project will deliver including economic benefits. Projects must also have a positive economic impact for tenants and demonstrate a reduction or no increase in energy bills.

**Contact for public enquiries:** email: [netzerosocialhousing@gov.scot](mailto:netzerosocialhousing@gov.scot)

## **Programme name: Green Public Sector Estate Decarbonisation Scheme**

**Programme description:** Programme to support heat decarbonisation and energy efficiency across the public sector estate.

**Estimated total investment:** £200 million.

**How is programme being funded:** Programme is being funded solely by the Scottish Government in line with recent Programme for Government commitments.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** The Green Public Sector Estate Decarbonisation Scheme (GPSEDS) delivers an offer of support for public bodies across Scotland, building on the established success of the Public Sector Energy Efficiency Loan Scheme and the Non Domestic Energy Efficiency Framework. In June 2021, the programme successfully launched its first round of Scottish Central Government Energy Efficiency Grant funding offering support to more than 40 projects across the public sector in Scotland, covering both resource and capital support.

The Grant funding aspect of the GPSEDS relaunched in May 2022 to support multi-year projects and to continue to boost heat decarbonisation and improve energy efficiency across Scotland's public sector. As of September 2022, the scheme is supporting nine new capital funded retrofit decarbonisation projects totalling £9.2 million of investment and nine resource funded pre-capital projects totalling £0.382 million. The fund remains open to applicants and will support projects up to the end of this parliamentary term.

The Heat in Buildings Strategy increased the budget to £200 million to accelerate decarbonisation and increased energy efficiency of existing public sector building in order to achieve our 2045 climate ambitions.

**Contribution to economic development:** The GPSEDS continues to provide significant capital investment across the public sector. Investing capital and resource funding in energy efficiency and heat decarbonisation projects in public sector organisations provides

them with support to meet ambitious net-zero targets while freeing up their own resources to invest in services that benefit the people of Scotland.

**Contact for public enquiries:** email: [GPSEDS@gov.scot](mailto:GPSEDS@gov.scot)

## **Programme name: Heat in Buildings Grants and Loans (formerly Heat in Buildings Capital Investment)**

**Programme description:** Investment to support heat decarbonisation and energy efficiency in homes and buildings, community energy, decarbonising islands and energy.

**Estimated total investment:** £344.5 million.

**How is programme being funded:** Capital – grants and loans delivered via a number of delivery partners.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** Funding issued as planned via CARES (Community and Renewable Energy Scheme), SME and domestic cashback schemes and District Heating Loan Fund.

CARES previous community buildings funding round, which closed in September 2021, awarded over £2.6 million across 74 organisations to install renewable technologies in community buildings; including community halls and hubs, sports clubs, and faith buildings. The current CARES 'Let's Do Net Zero Community Buildings' fund opened in May 2022 and provides a rolling programme of support to communities, charities and faith organisations to decarbonise their buildings and reduce energy bills. This support takes a whole building retrofit approach, covering energy efficiency measures, zero emissions heat installations, and additional small-scale generation where there is a clear benefit to the community organisation in terms of energy bill reduction. CARES, via the 'Let's Do Net Zero: Off Electricity Grid Communities Fund', is also providing a package of support to some of Scotland's more remote and rural off grid communities to help them upgrade their energy systems and decarbonise their energy supplies, with the aim of making them more resilient and sustainable in the future.

**Contribution to economic development:** The SME (small and medium-sized enterprise) Loan and cashback scheme aims to support businesses based in Scotland by installing measures which will increase their energy efficiency and reduce their carbon output and energy costs while improving financial savings and business competitiveness. This is primarily accessible via the Business Energy Scotland (BES) advice and support service.

CARES provides advice and support, including funding support (grants and loans) to community groups and other eligible organisations seeking to explore their renewable energy options. The aim is to support the growth of community and local energy in Scotland and to ensure that communities across Scotland are engaging, participating and benefiting in the energy transition to net zero. Local and community energy projects have

the potential to help local communities reduce carbon emissions, create local jobs, upskill local people, reduce energy costs and overall allow greater investment in local economies.

**Contact for public enquiries:** Advice and support is delivered on behalf of the Scottish Government at the [Business Energy Scotland](#) website / Loan and cashback support can be found at the [Home Energy Scotland](#) website / CARES is delivered on behalf of Scottish Government and further information can be found at the [Local Energy Scotland](#) website.

## **Programme name: Clyde Mission Heat Decarbonisation Fund**

**Programme description:** Investment in zero emission heat projects along the River Clyde.

**Estimated total investment:** £25 million.

**How is programme being funded:** Programme is capital funded by the Scottish Government.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** The 2022-23 Programme for Government made a commitment to launch a £25 million of capital funding over the current parliamentary term to support the delivery of low/zero emissions heat projects including heat networks and communal heating systems located within the Clyde Mission area, which contribute to the aims of Clyde Mission. An announcement on the detail of that scheme is expected to be made later in 2022.

**Contribution to economic development:** Applicants will be asked to demonstrate their contribution to a just transition and projects must have a positive and significant impact on skills and supply chain in Scotland.

**Contact for public enquiries:** email: [clydemission@gov.scot](mailto:clydemission@gov.scot)

## **Programme name: Scottish Industrial Energy Transformation Fund (SIETF)**

**Programme description:** SIETF is the Scottish administered version of IETF and supports manufacturers to fund the deployment of investment-ready energy efficiency technologies and/or decarbonisation at their industrial sites. The fund also supports feasibility and engineering studies into energy efficiency or deeper decarbonisation.

**Estimated total investment:** Up to £114 million depending on size of business that successfully apply for match funding and the sum of total project costs which will include industry contributions.

**How is programme being funded:** £34 million of SG capital committed in 2020 (as part of low-carbon funding).

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** The first application window in early 2021 resulted in grant offers being awarded to 8 sites across Scotland. The second call for applications received submissions covering a mix of energy-intensive industrial sectors with grants being offered to 11 deployment and 4 study projects amounting to c£9.5 million (£0.16 million relating to studies) with overall project costs in excess of £25 million. A third competition window is open now and runs until 18 November 2022 for Studies and 30 November 2022 for Deployment projects.

**Contribution to economic development:** Investment to support energy efficiency or decarbonisation of energy-intensive industries (EII) can sustain high-value jobs that are often in the supply chains which are vital for regional communities, the Scottish manufacturing sector and economy as a whole. There are significant barriers however to attracting the necessary investment – particularly long payback periods – whilst sites must remain internationally competitive. Via match-funding, SIETF grants are incentivising investment across various sectors including food and drink, pharmaceuticals, glassmaking and a data centre. This demonstrates the steps which government and industry are taking together to deliver against Scotland’s climate change ambitions by co-investing to decarbonise the industrial sites that local jobs and communities depend upon.

**Contact for public enquiries:** email: [SIETF@gov.scot](mailto:SIETF@gov.scot)

## **Programme name: Energy Transition Fund**

**Programme description:** This package of investment will support our energy sector and help us make significant progress on energy transition, as we move toward a net zero society by 2045.

**Estimated total investment:** £75 million.

**How is programme being funded:** £75 million. The Energy Transition Fund (ETF) was launched in June 2020, and was increased from £62 million to £75 million in September 2021. The ETF will support our energy sector and the North East over the next 5 years, to make progress on energy transition as we move toward a net zero society by 2045.

**Programme delivery timetable:** 2020-21 to 2024-25.

**Latest programme progress:** The Energy Transition Fund has already announced the funding of the following:

- £26.3 million for an Energy Transition Zone - ETZ was officially opened in February 2022 and will transform north east Scotland into a globally integrated energy cluster focussed on accelerating net zero through energy transition activities.



- £16.6 million to Net Zero Technology Centre - at the heart of the Net Zero Technology Transition Programme (NZTTP) are seven interconnected projects focussing on reducing emissions and transforming the industry to an integrated, digitally enabled energy system, with the North Sea as the nexus
- £6.5 million for a Global Underwater Hub - the vision for the Global Underwater Hub (GUH) is to transform the globally competitive underwater sector in the UK to accelerate the transition to net zero, drive innovation and growth and make a step change in the development and internationalisation of technology and services
- £15.2 million to the Aberdeen Hydrogen Hub - the Aberdeen Hydrogen Hub will play a leading role in supporting the Scottish Government's Net Zero Emissions target and presents the opportunity to deliver Scotland's first commercially investable, 'green hydrogen' production facility focussed initially on the decarbonisation of transport

All four projects have completed their funding application and are at delivery stage, with grant offer letters signed. The two projects that are jointly funded by UK Government (The Energy Transition Zone Ltd and Global Underwater Hub) are still awaiting UK Government funding being finalised and issued. The ETF team continue to engage proactively with UK Government colleagues to facilitate issuing of UK Government Funding.

**Contribution to economic development:** Investment of £75 million over 5 years into the North East to support transition to renewable energy and support a thriving energy economy. ETZ is part of the wider harbour redevelopment works supported by the Aberdeen City Deal

**Contact for public enquiries:** email: [Neil.purdom@gov.scot](mailto:Neil.purdom@gov.scot)

## **Programme name: Emerging Energy Technologies Fund (EETF) – including hydrogen and CCS**

**Programme description:** Support carbon capture and storage (CCS), negative emissions technologies (NETs) and hydrogen development.

**Estimated total investment:** £180 million.

**How is programme being funded:** Scottish Government has committed £180 million as part of Climate Change Plan over 5 years - £100 million on Hydrogen and £80 million on CCS and NETs. Capital funding awarded through low carbon fund.

**Programme delivery timetable:** 2021-22 to 2025-26

**Latest programme progress:** In June 2022, we launched the first tranche of the EETF hydrogen investment programme via the £10 million Hydrogen Innovation Scheme with a focus on innovation in renewable hydrogen production, storage and distribution technology. The second tranche of the EETF hydrogen investment programme, the £90 million Green Hydrogen Scheme, is due to follow.

We are considering how funds could be assembled to support big projects and entice private / commercial partnership and investment. We are working constructively with the UK Government to support the development of CCS in Scotland, in particular the Scottish Cluster. To this end, we have continued to advocate for the cluster in our engagement, and have offered the £80 million allocated to CCS from the EETF.

**Contribution to economic development:** The Emerging Energy Technologies Fund (EETF) will, over the next four years, invest £180 million in the development of hydrogen and CCUS industries in Scotland and support the development of negative emissions technologies - creating attractive diversification opportunities and new, sustainable green jobs for those currently working in the oil and gas industry.

**Contact for public enquiries:** CCS email: [nicholas.young@gov.scot](mailto:nicholas.young@gov.scot) / EETF email: [EETF@gov.scot](mailto:EETF@gov.scot)



## **Sector: Low carbon manufacturing**

### **Programme name: Low Carbon Manufacturing Challenge Fund (LCMCF)**

**Programme description:** New Challenge Fund that will support Scottish manufacturers' scope to innovate and drive the decarbonisation of manufacturing businesses.

**Estimated total investment:** £26 million.

**How is programme being funded:** Capital Funded.

**Programme delivery timetable:** 2022-23 to 2025-26.

**Latest programme progress:** Small amount of capital from 2021-22 has been used to fund a CivTech 6.0 Challenge to develop a tool to help manufacturers' baseline carbon emissions. We are working with Scottish Enterprise to deliver the wider LCMCF, which is a research and development fund to help businesses introduce circularity into their products, decrease waste and reduce lifetime carbon emissions. The fund was launched in May 2022 with funding available for the next four years.

**Contribution to economic development:** The LCMCF will support development of new business models. These will potentially lead to new products that will drive low carbon transition in the Scottish manufacturing sector, drive collaborative development across supply chains of new manufacturing processes and technologies, develop options to enhance capacity in growth sectors and exploit opportunities in support of the transition to a circular, net zero carbon economy.

**Contact for public enquiries:** email: [stuart.strachan@gov.scot](mailto:stuart.strachan@gov.scot)

## **Sector: Circular economy**

### **Programme name: Waste Sector**

**Programme description:** Investment to improve local authority recycling collection infrastructure, accelerate landfill gas capture and improve waste data through electronic waste tracking.

**Estimated total investment:** £75 million.

**How is programme being funded:** Capital funding committed from Scottish Government for the five years from 2021-22.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** The £70 million Recycling Improvement Fund was launched in March 2021 to improve local authority recycling infrastructure. To date, over £23 million has been awarded to 15 local authorities to increase the quantity and quality of recycling, marking the beginning of one of the biggest investments in recycling in Scotland in a generation. We are funding a range of improvements including more frequent recycling collections, the extension of food and garden waste collections, boosting Scotland's capacity to recycle soft plastics and films and local service redesigns to align with Scotland's Household Recycling Charter.

The projects announced to date have the potential to reduce CO2 emissions by 29,746 tonnes each year - the equivalent of taking 15,823 cars off the road. This landmark investment will make it easier for households to make the right recycling choices and make an important contribution to meeting Scotland's waste, recycling and climate targets. The Scottish Government has worked in partnership with COSLA, SOLACE and Zero Waste Scotland to develop arrangements for the fund.

More information on the aims, scope and distribution of the fund is available at the [Zero Waste Scotland](#) website

A consultation seeking views on plans for the introduction of a mandatory digital waste tracking service in the UK was held between 21 January and 15 April 2022, with funding allocated to support SEPA with implementation in Scotland. The ambition is to provide a step change in the quality and timeliness of data on waste and resource flows to support decision-making. By making it easier to identify opportunities to reduce the waste produced and reuse the materials we consume, this will support our transition to a circular economy.

Work to accelerate landfill gas capture in Scotland was a new boosted policy, as outlined in the recent Climate Change Plan update, working with SEPA and key industry partners to scale up the existing landfill gas capture programme to mitigate effects of landfill and environmental impact of closed landfill sites. This is supported by additional funding from the Low Carbon Fund with the aim to harness the energy generated from landfill gas capture and maximise circular economy opportunities, where possible. Due to other

unavoidable resource implications, including COVID-19 contingency work, progress on this policy outcome was paused in 2021-22. We are reviewing plans to ensure progress is made.

**Contribution to economic development:** This investment has the potential to unlock local reprocessing investments, create jobs and a ready supply of recycled material for new packaging. It is part of building a fully circular economy in Scotland, which will drive materials up the waste hierarchy and keep them in high value use for as long as possible. Research has shown that 10,000 tonnes of waste can create 1 job in incineration, 6 jobs in landfill, 36 jobs in recycling or up to 296 jobs in repair and reuse. The circular economy represents an enormous economic and industrial opportunity for Scotland and can improve productivity and open up new markets, while also benefiting workers and communities by providing local employment and lower priced goods. A circular economy also contributes to a range of UN Sustainable Development Goals, including ensuring sustainable consumption and production patterns.

**Contact for public enquiries:** email: [zero\\_waste\\_inbox@gov.scot](mailto:zero_waste_inbox@gov.scot)

## **Sector: Flood management**

### **Programme name: Flood Risk Management**

**Programme description:** Additional spending on flood risk management, in support of enhanced adaptation and climate resilience as part of a green recovery.

**Estimated total investment:** £150 million.

**How is programme being funded:** Capital funding committed from Scottish Government for the five years to 2026.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** Consideration is being given to how the additional flooding money will be allocated. A joint SG/COSLA (Convention of Scottish Local Authorities) Flood Risk Management Working Group has been set up to discuss funding arrangements for flood risk management actions going forward. It will put recommendations to the joint Scottish Government/COSLA officers' Settlement Distribution Group with Ministers and Council Leaders' subsequently being provided with advice later in 2022.

**Contribution to economic development:** Additional Investment in flood risk management will increase our flood resilience and reduce economic losses caused by flooding, including reducing interruption to economic activities and the cost of repairing damaged structures and other infrastructure assets.

**Contact for public enquiries:** email: [Flooding Mailbox@gov.scot](mailto:Flooding_Mailbox@gov.scot)

## **Sector: Natural capital**

### **Programme name: New planting and forest expansion**

**Programme description:** New planting and forest expansion.

**Estimated total investment:** £283 million.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** The 'draft' Forestry and Land Scotland (FLS) Acquisition Strategy was approved by Ministers in December 2021. This sets out the principles under which FLS will use both the £30 million of SG low carbon funding and the FLS strategic funds to acquire land in order to grow Scotland's national forests and land.

Utilising these funds, to date in 2022-23 FLS have acquired 96 ha of new land at a total cost of £0.75 million. This land will offer opportunities for peatland restoration. In addition, FLS have 3,600 ha under offer at a cost £20.1 million. Roughly, 40% of this land will be plantable for trees with the remainder being managed for habitat, ecological and/or recreational outcomes.

Stepped increases in new planting targets have been set with the aim of achieving 18,000 ha planting in 2024-25. Annual targets are now as follows: 2022-23 15,000 ha, 2023-24 16,500 ha and 2024-25 18,000 ha. Although Scottish Forestry approved claims for over 13,000 ha of new woodland creation in 2021-22, actual planting achieved was confirmed as 10,480 ha in July 2022. This was below the target due to various factors including winter storms and the impact of COVID-19 and Brexit on resource availability.

The Bute House Agreement 4,000 ha/yr native woodland creation target was exceeded for 2021-22 with 4,360 ha of native woodland approved for the year ending 31 March 2022.

Plans to implement required infrastructure and resource for longer term ambitions have progressed well with the majority of publicised recruitment for 33 new posts having either completed or entered the recruitment pipeline.

**Contribution to economic development:** A report on the economic contribution of the forestry sector in Scotland showed that Scottish forestry contributes approximately £1 billion GVA (Gross value added) to Scotland's economy every year. GVA measures the contribution to the economy of each individual producer, industry or sector in the UK.

Forestry's economic contribution to Scotland is £954 million GVA: £771 million comes from forestry and timber processing; and £183 million comes from forest recreation and tourism. Employment levels are up with more than 25,000 full time employees now working in the sector.

Forestry and timber processing: contributes £771 million GVA per year to Scotland's economy; and employs 19,555 people (full time) in Scotland. Forest recreation and tourism: contributes £183 million GVA to the Scottish economy every year; and employs 6,312 people (full time) in Scotland. Forestry activities are spread across Scotland, including in rural and remote areas where they generate important income and employment opportunities.

**Contact for public enquiries:** email: [Pat.Snowden@forestry.gov.scot](mailto:Pat.Snowden@forestry.gov.scot)

## **Programme name: Peatlands**

**Programme description:** Capital investment as part of our 10-year £250 million commitment to restore 20,000 ha annually, and 250,000 ha by 2030.

**Estimated total investment:** £100 million.

**How is programme being funded:** Programme currently funding full capital costs of peatland restoration projects delivered by our partners. Looking ahead, a range of alternative funding models will be explored.

**Programme delivery timetable:** 2020-21 to 2025-26.

**Latest programme progress:** Peatland restoration continues to be progressed across Scotland through the work of our current delivery partners (NatureScot (Peatland Action), Forestry and Land Scotland, Cairngorms National Park, Loch Lomond and Trossachs National Park and Scottish Water). In 2021-22, around 5,700 hectares of degraded peatland were put on the road to recovery.

Through our Peatland Programme, we continue to work with our partners to understand and address the structural, operational and resourcing challenges around significantly upscaling rates of restoration.

**Contribution to economic development:** Investment in peatland restoration over the coming 10 years will help to support small and medium size businesses that deliver restoration works, often in rural areas. It will also provide opportunities for land owners and land managers, farmers and crofters and third sector bodies. This includes huge potential for peatland restoration to provide significant numbers of green jobs over the next decade.

Restoration also helps peatland and its valuable biodiversity adapt to climate change. That in turn provides us with adaptation benefits including reducing flood risk and soil erosion, and improving water quality. Our peatland restoration programme will benefit Scotland's communities as part of a Just Transition to Net Zero. It will improve people's enjoyment of the natural world, provide jobs, and offer many other public benefits to health, education, environmental justice and tourism.

**Contact for public enquiries:** email: [peatland.restoration@gov.scot](mailto:peatland.restoration@gov.scot)

## **Programme name: Low Carbon Vacant and Derelict Land Investment Programme**

**Programme description:** The Vacant and Derelict Land Investment Programme (VDLIP) is a capital programme to help with tackling persistent vacant and derelict land and supporting place based approaches to delivering regeneration and sustainable inclusive growth, as part of a 'just transition' to net-zero by 2045. It is a competitive fund open to all 32 local authorities and the Clyde Gateway URC (Urban Regeneration Company).

**Estimated total investment:** £50 million.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** In September 2021, 10 successful projects were announced from the first round of funding representing an investment of £5 million in 2021-22. Another 10 additional successful projects were announced in May 2022 constituting a further investment of £5 million for financial year 2022-23. Applications have now closed for the third round of funding (2023-24) and we anticipate being in a position to announce the next round of projects by the end of 2022. Successful projects can be viewed at the [Low Carbon Fund: VDLIP projects](#) website.

**Contribution to economic development:** Scotland currently has more than 11,000 hectares of registered vacant and derelict land which offers significant potential to be brought back to positive use to the benefit of communities. This fund supports projects that prioritise such sites and protect our existing natural capital ensuring that future infrastructure investment goes into areas where it is needed the most, stimulating economic growth, creating jobs, promoting environmental justice and supporting communities to flourish and tackle inequalities.

**Contact for public enquiries:** email: [vdlip@gov.scot](mailto:vdlip@gov.scot)

## Sector: Cities / Regions

### Programme name: Glasgow City Region Deal

**Programme description:** The Deal empowers Glasgow and its City Region partners to identify, manage and deliver a programme of investment to stimulate economic growth and create jobs in their area, spreading the benefits of economic growth across Glasgow and Clyde Valley, and ensuring deprived areas benefit from this growth.

**Estimated total investment:** £1.13 billion. Scottish Government is a full partner and investing £500 million over 20 years. UK Government investing £500 million over same period and the regional partners £130 million. Scottish Government is also investing £20 million in the Imaging Centre of Excellence.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 20 years from 2015-16 until 2034-35.

**Latest programme progress:** The deal, which was signed August 2014, is now well underway and the Glasgow City Region Cabinet has approved a number of projects. Project selection and approval is a matter for the Glasgow City Region Cabinet (and not Scottish Ministers).

The main span of the new pedestrian and cyclist bridge linking Sighthill with Glasgow City Centre, was installed over the M8 at the end of July 2021. Work continues on constructing the approaches to the bridge and creating a plaza to the north of the bridge. Construction work has begun on a new Greenock cruise ship visitor centre as part of a £19.2 million development in the area and is accompanied by a new £200 million floating pontoon and West Dunbartonshire Council have taken ownership of a 150 acre former Exxon site as part of a project to create a major industrial and commercial development.

**Contribution to economic development:** The City Deal supports Glasgow partners to develop the region's economy.

**Contact for public enquiries:** email: [cityregiondeals@gov.scot](mailto:cityregiondeals@gov.scot)

### Programme name: Aberdeen City Region Deal

**Programme description:** The 10-year Deal paves the way for investment in innovation and internationalisation as well as digital connectivity and infrastructure across the region.

**Estimated total investment:** The value of the Deal has risen to over £1 billion as a result of increased private investment. Scottish and UK Governments have committed up to £125 million each while regional partners have committed just over £750 million (revised from an original commitment of £576 million). The Scottish Government has also committed to invest a further £254 million over the same 10-year period as the City Region Deal to deliver further economic benefits.



**How is programme being funded:** Capital funded

**Programme delivery timetable:** 10 years from 2016 until March 2027.

**Latest programme progress:** The Net Zero Technology Centre (NZTC) continues to screen and develop technologies geared towards low carbon power generation. To date, £232.5 million has been co-invested with industry in 327 projects. Applications have also opened for Cohort 5 of its TechX Clean Energy Accelerator which is helping energy start-ups and early stage businesses to grow. Since 2018, £4.5 million has been invested in 45 businesses, helping them to raise £33 million in equity.

This is in addition to the NZTC's work in research in academia, the National Subsea Centre is due to officially launch in November 2022. A partnership with Robert Gordon University, it aims to acceleration energy transition through smart technologies applied in subsea and marine sectors.

The Bio Therapeutic Hub for Innovation (BioHub) is expected to open in 2023, providing support and physical infrastructure to grow businesses in the life sciences sector. This will complement the Food Hub for Innovation (SeedPod), which will aim to help food and drinks businesses to grow, due to begin construction in 2023.

Work to accelerate progress on the external transport links to Aberdeen South Harbour is under way. This aims to maximise the benefits of the Aberdeen South Harbour project, which welcomed its first commercial vessel in July 2022 as part of a phased opening.

A business case is in development to utilise £5 million of additional Scottish Government funding for digital infrastructure improvements. This aims to build on other successes in this area, the City Network Extension (providing greater internet connectivity in Aberdeen) attracting up to £59 million in private investment.

**Contribution to economic development:** The projects in the Aberdeen City Region Deal will support Aberdeen in its ambition to be an energy transition capital. Significant investment in innovation, digital connectivity and infrastructure will help diversify and transform the region's economy.

**Contact for public enquiries:** email: [cityregiondeals@gov.scot](mailto:cityregiondeals@gov.scot)

## **Programme name: Inverness and Highland City-Region Deal**

**Programme description:** The Deal aims to drive inclusive economic growth across the region through investment in housing, skills, innovation and entrepreneurship, tourism, transport and digital.

**Estimated total investment:** £315 million. Scottish Government has committed to investing up to £135 million in the Deal, the UK Government up to £53 million, and the Council and regional partners a further £127 million over 10 years.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 10 years from January 2017 until January 2027.

**Latest programme progress:** The deal was signed in January 2017 and is now underway with many projects now in delivery.

The Deal has seen 189 affordable homes already constructed with planning approval for 380 units to date. Eight assisted living Fit Homes are nearly completion with a further 21 under construction and the technology is now live in a further 35 retrofitted homes.

The Inverness College UHI Centre for Health & Life Sciences is now expected to complete construction in December 2022 which is later than previously reported and which is due to supply chain issues and the passing away of the Project Director. Following the award of the main construction contract for Inverness Castle in February 2022, work on-site started in April 2022 and is progressing as planned.

**Contribution to economic development:** Regional Partners have estimated that the Deal will have the following economic benefits and will:

- Help to rebalance population with the aim of retaining and/or attracting an additional 1,500 young people in the 18-29 age group over the initial 10-year deal period
- Create an additional 1,125 direct jobs as a result of City-Region Deal projects with a further 2,200 additional jobs in the construction sector
- Help to up-skill labour market and contribute to moving towards a high skilled high wage economy, improve productivity and real wages which are estimated to increase by an additional 1.3 per cent and bring an additional £100 million per annum to the regional economy
- Create 6,000 new houses over 20 years of which 1,600 will be affordable homes
- Deliver private sector leverage from house building and through opening up land for commercial development which will see an additional return over a 20-year period of around £800 million being invested in the economy of the city and region

**Contact for public enquiries:** email: [cityregiondeals@gov.scot](mailto:cityregiondeals@gov.scot)

## **Programme name: Edinburgh and South East Scotland City Region Deal**

**Programme description:** The city region has a strong and successful economy on which to build, however there remain a number of issues that need to be addressed. Prosperity and success is not universal across the city region. There are 22.4% of children living in poverty, there is a lack of mid-market and affordable housing and too many people are unable to move on from low wage/low skill jobs. The City Region Deal is addressing these issues and is working to create new economic opportunities, new meaningful new jobs and to reduce inequalities.

**Estimated total investment:** £1.3 billion. Scottish and UK Governments committed to investing up to £300 million each in the Deal. Regional partners, including six local authorities and region's universities and private sector, will contribute £730 million.

**How is programme being funded:** Capital funded and revenue funded.

**Programme delivery timetable:** 15 years from 2018 until 2032.

**Latest programme progress:** The Deal was signed in August 2018 and is now underway. Since then, the Joint Committee have been steadily signing off business cases for projects within the Deal.

Projects such as the Bayes Centre and those within the Integrated Regional Employment and Skills Programme are already in operation. Construction work is completed for the Central Borders Innovation Park and construction nears completion for the Edinburgh Futures Institute and Edinburgh International Data Facility.

The Dunard Centre redesign has been completed and the updated planning application has been approved by City of Edinburgh Council. An updated business case was also approved by the region's Joint Committee.

The City Region's Joint Committee have approved the proposed scheme at Sheriffhall Roundabout, which will provide a grade-separated junction designed to relieve traffic congestion and introduce new active travel facilities for walking and cycling.

**Contribution to economic development:** The Deal will address inclusion issues, create new economic opportunities and is expected to provide up to 21,000 jobs.

**Contact for public enquiries:** email: [cityregiondeals@gov.scot](mailto:cityregiondeals@gov.scot)

## **Programme name: Stirling and Clackmannanshire City Region Deal**

**Programme description:** The Deal will enable the city region to thrive in new and emerging sectors with a highly skilled, flexible workforce, supported by outstanding infrastructure.

**Estimated total investment:** £214 million. Scottish Government and UK Government each invest £45.1 million (£43.2 million of SG investment is capital). Regional Partners have committed investment of £123.8 million. Scottish Government also making an investment of £5 million in addition to the Deal.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 10 years.

**Latest programme progress:** The Deal was signed on 26 February 2020. The Scottish Government is working together with the UK Government and the regional partners towards implementation of the Deal focusing on the transition into project delivery.

The first three capital projects, the first phase of Scotland's International Environment

Centre at the University of Stirling, the Walk, Cycle Live Stirling which connects the University and Forth Valley College to the city centre, and the Regional Energy Masterplan are all underway with works underway and significant progress anticipated this year.

The initial site infrastructure works at Kildean, which were funded by £2.5 million of the additional investment alongside the Deal, is complete with construction works for the wider commercial development onsite currently underway.

**Contribution to economic development:** The Deal forecasts that 5,000 jobs will be created and £640 million of private investment unlocked.

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## **Programme name: Tay Cities Region Deal**

**Programme description:** The Deal's themes reflect the Tay Cities Regional Economic Strategy and the focus on inclusion, industry and innovation as well as internationalisation and empowerment.

**Estimated total investment:** £700 million. Scottish Government and UK Government will each invest £150 million (£128.8 million of Scottish Government investment is capital expenditure). A potential £400 million is being leveraged as a result of Deal funding. Scottish Government are also making an investment of £50 million in addition to the Deal.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 10 years.

**Latest programme progress:** The Deal was signed on 17 December 2020. Significant progress has been made with year 1 and 2 projects (2020-21 and 2021-22) with business case approval for over £145 million of the total capital investment and £44 million of this drawn down by regional partners (to 2022-23 Q1).

Regional partners are developing a Benefits Realisation Plan to demonstrate the impact of the Deal towards inclusive growth and net zero and building on principles of good practice identified across the Deals programme.

**Contribution to economic development:** 6,000 jobs and a £400 million of investment unlocked by the Deal (as included within the £700 million total investment).

**Contact for public enquiries:** [cityregiondeals@gov.scot](mailto:cityregiondeals@gov.scot)

## **Programme name: Ayrshire Growth Deal**

**Programme description:** The Deal's vision is to enable Ayrshire to be vibrant, outward looking, confident, attractive to investors and visitors, and for it to make a major contribution to Scotland and the wider UK's growth.

**Estimated total investment:** £251.5 million. Scottish Government & UK Government will invest £103 million each. Regional partners will invest £45.5 million.

**How is programme being funded:** Capital funded (£91.5 million). Revenue funded (£11.5 million).

**Programme delivery timetable:** Scottish & UK Government investment will be over the next 10 years.

**Latest programme progress:** Full Deal was signed in November 2020 by Scottish Government, UKG, and regional partners.

The HALO, which has regenerated the previous Jonnie Walker site in Kilmarnock into a fully integrated Enterprise and Innovation Hub, has been completed with clients such as Barclays already making use of the campus. The project won an award for 'Best Regeneration Project' at the 2022 Scottish Property Awards.

One of the programme of space and aerospace projects at Prestwick, a Commercial Build Space FBC has been approved at September 2022 Joint Committee, along with the i3 Digital Processing & Manufacturing Centre (DPMC) FBC. The Commercial Space will provide high quality, high specification industrial and commercial space to meet the needs of the developing aerospace and space sectors, whilst i3 DPMC will create a centre of excellence for digital automation in Irvine.

The Scottish Government will continue to work with the partners to further develop the detail of the projects supported through the deal and to maximise inclusive growth opportunities.

**Contribution to economic development:** Regional partners estimate that the Deal will create 7,000 new jobs and unlock an additional £300 million from the private sector. Scottish Government investment includes £40 million for an Economic Infrastructure Programme which includes innovative projects around engineering, manufacturing and digital automation, over £60 million for an Aerospace and Space Programme and £18.5 million for tourism and regeneration.

**Contact for public enquiries:** email: [cityregiondeals@gov.scot](mailto:cityregiondeals@gov.scot)

## **Programme name: Borderlands Growth Deal**

**Programme description:** The Borderlands Deal is the first cross-border Deal, delivering across five local authority areas, two in the South of Scotland (Dumfries & Galloway and

Scottish Borders) and three in the North of England (Carlisle City, Cumbria and Northumberland). The Deal's ambition is to unlock the region's potential as an economic hub to encourage new business and job opportunities. The Deal involves cross border collaboration recognising the economic and social ties between the south of Scotland and north of England and the desire of regional partners to work together on shared challenges and opportunities.

**Estimated total investment:** £191 million within the Scottish element of the Deal. Scottish Government will invest £85 million and UK Government will invest £65 million in Scottish deal. Regional partners will invest £41.2 million.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** Scottish Government and UK Government investment will be made over 10 years.

**Latest programme progress:** Full deal signed in March 2021. Priority themes and areas have been identified for Scottish Government and UK Government investment. They are Enabling Infrastructure, Improving Places, Supporting Business, Innovation and Skills, and Encouraging Green Growth.

Officials continue to work with partners on the development of business cases that will deliver economic inclusive growth across the South of Scotland.

**Contribution to economic development:** The Deal aims to deliver green growth and attract new businesses and investment. Improving transport and digital connectivity, delivering skills and innovation and improving places to support their longer-term resilience are key. The ambition is to attract new residents and develop the region's tourism offer and to encourage more visitors capitalising on the region's natural capital. The programme of investment will deliver significant economic benefit for communities and businesses. It is estimated that across the whole Borderlands region, over the programme lifetime (and a further 10 years to capture the benefits), the Borderlands Inclusive Growth Deal will:

- Benefit 1.1 million residents and deliver an additional 5,500 job opportunities
- Attract more than four million extra tourists to the area and improve mobile and digital connections
- Unlock investment in towns across the area and generate around £1.1 billion in GVA (gross value added) for the Borderland's economy
- Tackle the three principle socio-economic challenges of the region by narrowing the productivity gap, increasing the working age population and delivering inclusive growth by addressing digital exclusion, the earnings gap and access to quality jobs and access to education

**Contact for public enquiries:** email: [cityregiondeals@gov.scot](mailto:cityregiondeals@gov.scot)

## **Programme name: Moray Growth Deal**

**Programme description:** The Deal will help drive inclusive economic growth. It will help both retain and attract young people to live and work in area, address gender inequality in employment; and create new high quality jobs and opportunities across Moray.

**Estimated total investment:** £100.8 million. Scottish Government and the UK Government will both invest £32.5 million each and regional partners will contribute an additional £35.8 million.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 10 years.

**Latest programme progress:** The Full Deal was signed on 20 December 2021. Officials continue to work with regional partners to further develop the detail of the projects to be supported through the deal and to maximise inclusive growth opportunities.

**Contribution to economic development:** As well as creating high-quality jobs and opportunities across Moray, the Deal will address key growth challenges, including keeping young people in the area to live and work, and addressing gender imbalances in key sectors of the economy to unlock future potential.

The vision for the Deal is built on four pillars - Connections; Business Support, Skills and Employability; Moray the Place/Brand; and Moray's Priority Business Sectors that will unlock investment and drive inclusive and sustainable economic growth across the area.

Regional Partners estimate that economic benefits arising from the Deal will include the following:

- Directly and indirectly create over 3,500 jobs associated with the economic benefits accrued from growth deal projects. Of these, 450 jobs will be directly created as part of growth deal project delivery
- Attract an additional 50,000 tourists and construct over 300 affordable new homes
- Support 450 businesses to scale up to increase the value of the Moray economy by £82 million and create new and improve existing facilities for businesses
- Create an enhanced culture and leisure offering for local people to make Moray a more attractive place to live and work

**Contact for public enquiries:** email: [cityregiondeals@gov.scot](mailto:cityregiondeals@gov.scot)

## **Programme name: Argyll and Bute Growth Deal**

**Programme description:** The Deal will focus on strengthening communities and on connecting Argyll and Bute's high value business sectors to national and international business markets.



**Estimated total investment:** £50 million. Scottish Government and the UK Government will invest £25 million each.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 10 years.

**Latest programme progress:** The Heads of Terms agreement was signed on 11 February 2021. The Scottish Government continue to work with partners to further develop the detail of the projects to be supported and to maximise inclusive growth opportunities

**Contribution to economic development:** The Deal is at Head of Terms agreement and its economic development benefits and targets will be confirmed at full deal stage. The planned investment will drive sustainable and inclusive economic growth, benefitting individuals, businesses and communities across the area. The Deal aims to leverage the area's natural marine resources to build its thriving aquaculture industry and promote sustainable tourism, as well as providing new training opportunities and creating high value jobs.

Heads of Terms has indicated that investment will be targeted across three key drivers:

- Connecting high value business sectors with national and international business markets
- Attracting additional skills, training and learning opportunities, new residents, visitors and businesses
- Growing by doing more of what works; making more of Argyll and Bute's natural and built resources

The Deal aims to target specific issues facing the region, in particular, Argyll and Bute Council have cited population forecasts estimating that by 2027, the region will need another 10,000 working-age people to keep businesses running and provide public services.

**Contact for public enquiries:** email: [cityregiondeals@gov.scot](mailto:cityregiondeals@gov.scot)

## **Programme name: Islands Growth Deal**

**Programme description:** The Deal will invest in the priority themes identified by the Islands Growth Deal partners; leading the way to a low carbon future, supporting growth and future industries, and creating thriving, sustainable communities.

**Estimated total investment:** £335 million. The Scottish Government and the UK Government will invest £50 million each. From within this, £33.3 million of combined Government funds will be invested in both Orkney and Shetland with £33.4 million being invested in the Outer Hebrides. Regional partners will invest an additional £235 million.



**How is programme being funded:** Mainly capital funded but with some revenue not yet agreed.

**Programme delivery timetable:** 10 years.

**Latest programme progress:** The Heads of Terms agreement was signed on 17 March 2021. The Scottish Government will continue to work with the partners to further develop the detail of the projects to be supported through the deal and to maximise inclusive growth opportunities. It is currently anticipated that the Full Deal will be signed in late 2022/early 2023.

**Contribution to economic development:** The Deal has three broad themes along which its objectives are planned: leading the way to a low carbon future; supporting growth and future industries; and building thriving sustainable communities.

Regional partners anticipate that the Deal is likely to create over 1,300 sustainable jobs across the three island groups aimed at retaining and attracting young talent.

**Contact for public enquiries:** email: [cityregiondeals@gov.scot](mailto:cityregiondeals@gov.scot)

## **Programme name: Falkirk Growth Deal**

**Programme description:** The Growth Deal aims to channel investment behind two pillars of Innovative Industry and Creating Great Places, each of which includes a series of interlinked projects.

**Estimated total investment:** £130.8 million. The Scottish Government will invest £40 million, matching the commitment of the UK Government, local partners are contributing £50.8 million. An additional £10 million is also being made available by the Scottish Government to support Green Recovery.

**How is programme being funded:** Capital and revenue funded (exact split yet to be decided).

**Programme delivery timetable:** 10 years (following Full Deal signing, which is expected to be in 2023).

**Latest programme progress:** A Growth Deal Board is in place and outline business cases for each project are in development following Head of Terms signing in December 2021. The aim is to achieve Full Deal signing in 2023.

**Contribution to economic development:** Falkirk partners predict that the proposed interventions will generate around £802 million of GVA uplift, approximately deliver an additional 2,000 jobs in the region and attract in excess of £1 billion of private investment.

**Contact for public enquiries:** email: [cityregiondeals@gov.scot](mailto:cityregiondeals@gov.scot)

## Sector: Inclusion and growth

### Programme name: Stornoway Growth Accelerator

**Programme description:** Growth Accelerator payments to the Stornoway Port Authority will help underpin a game-changing infrastructure project. This will secure the sustainable future of the Hebrides by building the enabling infrastructure within Arnish Low Carbon & Renewables Enterprise Area, to provide catalyst for significant further economic and environmental development.

**Estimated total investment:** £57.25 million.

**How is programme being funded:** The Scottish Government investment is £33.7 million of revenue funded Growth Accelerator payments over 25 years, subject to achievement of agreed outcomes plus £1.84 million direct grant for works carried out in 2021-22.

**Programme delivery timetable:** Timetable delayed due to inflated COVID-19 related construction costs. Contract has now been awarded with completion of construction targeted for December 2023.

**Latest programme progress:** Initial tender process resulted in higher than expected bids due to COVID-19 related inflationary impact on costs and the war in Ukraine led to further steel price rises. These have now been subsumed within an adjusted contract price with the risk for future price rises carried by the contractor. This adjusted contract was awarded by Stornoway Port Authority on 31 March 2022.

**Contribution to economic development:** This project contributes to economic development in the Western Isles across a range of sectors including marine tourism (through cruise traffic), supply chain work for offshore renewables generated by the ScotWind leasing round and aquaculture.

**Contact for public enquiries:** Marine Planning and Policy email: [Mike.Palmer@gov.scot](mailto:Mike.Palmer@gov.scot) / Marine Scotland email: [Iain.Jeynes@gov.scot](mailto:Iain.Jeynes@gov.scot)

### Programme name: Agricultural Support Programme

**Programme description:** Agricultural funding to support legacy payments under European Commission's Common Agriculture Policy (CAP) and Scottish Rural Development Programme (SRDP). The Agriculture (Retained EU Law and Data) (Scotland) Act 2020 enabled the continuation of CAP schemes from 2021, while future agriculture policy is being co-developed.

**Estimated total investment:** Up to £220 million.

**How is programme being funded:** Remaining EU funding until exhausted and majority now provided by HM Treasury as ring-fenced replacement EU funding but allocations on an annual basis and only guaranteed for this UK Parliamentary term.

**Programme delivery timetable:** 2021-22 to 2024-25.

**Latest programme progress:** The Scottish Government's Vision for Agriculture was published on 2 March 2022 and a consultation on proposals for a new Bill, "Delivering our Vision for Scottish Agriculture" launched on 29 August 2022, and will inform a new Agriculture Bill to be introduced in 2023.

Alongside the continuation of CAP and SRDP schemes the National Test Programme and Agricultural Transformation Fund seek to support farmers and crofters to improve their knowledge of current environmental performance and efficiency and adopt appropriate measures alongside testing the conditions or activities that could be applied to future support.

**Contribution to economic development:** Projects provide grant funding to businesses for purposes including to develop or create food processing facilities, run co-operative ventures to ensure more value is retained by producers, to improve supply-chain efficiency, and to enable investment in equipment to increase productivity and reduce environmental impact.

**Contact for public enquiries:** email: [www.ruralpayments.org](http://www.ruralpayments.org)

## **Programme name: National Islands Plan – Islands Programme**

**Programme description:** The Islands Programme (IP) investment supports delivery of the Scottish Government's National Islands Plan (NIP).

**Estimated total investment:** £25.8 million.

**How is programme being funded:** Infrastructure Investment Fund capital finance.

**Programme delivery timetable:** 2021-22 to 2025-26.

**Latest programme progress:** The Islands Programme is investing £4.45 million of capital funding in the current financial year to ensure delivery of the National Islands Plan, by supporting a range of areas, including tourism, infrastructure, innovation, energy transition and skills - informed by our learning of how island communities have responded and adapted to COVID-19.

The 2022-23 round of the Programme was launched on 21 March 2022. For 2022-23 onwards, the IP is being delivered in partnership with local government and the Scottish Futures Trust and was open to applications from the six local authorities with inhabited islands. It followed a competitive process in partnership with the local authorities aligned with the Regeneration Capital Grant Fund (RCGF) mechanism and structure. This funding is complemented by ongoing planned investment which is designed to support those living on Scotland's islands and will involve communities in the decisions on how and where investments are made.

15 applications were received in total and individually ranged from £72k to £1.5 million - 11 projects were approved to receive £4.45 million of Islands Programme funding in the current financial year.

This funding is benefitting 31 islands across the six island authorities. Successful applications include projects directly supporting population retention and growth, new facilities to deliver services helping to alleviate child poverty, innovative circular economy solutions, measures to address climate change impacts, development of digital and community hubs, management of tourism impacts and the creation of new facilities, iconic heritage projects, and support for key local services.

**Contribution to economic development:** The IP ensures delivery of the NIP, which comprises 13 strategic objectives that are critical to improving the quality of life and economic development of Scotland's islands. Created in partnership with communities and informed by our learning of how islands have responded and adapted to COVID-19, the five-year NIP has actions that set out how we will tackle population decline and fuel poverty; and promote, protect and enhance environmental wellbeing; health and wellbeing; community empowerment; transport services; digital connectivity; and biosecurity – through actions linked to the sustainable economic development strategic objective.

**Contact for public enquiries:** email: [info@islandsteam.scot](mailto:info@islandsteam.scot)

## **Sector: Boosting competitiveness**

### **Programme name: National Manufacturing Institute Scotland (NMIS)**

**Programme description:** Funding to progress the new National Manufacturing Institute Scotland (NMIS) with aim to develop and enhance skills, accelerate innovation and improve productivity. Also supports delivery of Advancing Manufacturing Challenge Fund to spread reach and benefits of advanced manufacturing.

**Estimated total investment:** £75 million.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** End of 2022-23.

**Latest programme progress:** Construction on the NMIS HQ is progressing on time. Handover of the building from Morrison Construction to the NMIS Engineering Services team has taken place. The world class facility is now being fitted out with cutting-edge digital advanced manufacturing technology. NMIS is delivering for the manufacturing sector now: through the Lightweight Manufacturing Centre, Manufacturing Skills Academy and SME (small and medium-sized enterprises) engagement team - and through their partnership with Boeing's new £12 million R&D facility which was officially opened on 5 October 2021.

The NMIS Board and Executive team are now in place and are responsible for day-to-day governance.

**Contribution to economic development:** NMIS is the future of Scottish manufacturing and is helping to transform manufacturing skills, productivity and innovation right across Scotland. It will also help manufacturers transition to new and emerging markets.

**Contact for public enquiries:** email: [stuart.strachan@gov.scot](mailto:stuart.strachan@gov.scot)

### **Programme name: Cairngorm Mountain**

**Programme description:** Investment in resort to support recovery of tourism sector in Scotland, stabilise operations and enhance visitor experiences. Re-instatement of funicular including strengthening the structure, building improvements, electrification of snow cannons, existing tow infrastructure, paths and car parking

**Estimated total investment:** £21 million.

**How is programme being funded:** Capital funded. £10 million provided by the Scottish Government with the remainder funded from Highlands and Islands Enterprise (HIE), including £8.5 million from the proceeds of sale of the Centre for Health Sciences. The Scottish Government has agreed to make additional capital funds available to HIE during

2022-23 to meet the increased cost of reinstating the funicular without impacting on the agency's ability to support businesses and communities across the region.

**Programme delivery timetable:** 2020-21 to 2022-23.

**Latest programme progress:** Work to reinstate the funicular commenced in late 2020, and restarted in April 2021 following a scheduled break for the winter. Completion was initially forecast for late 2021 but due to technical challenges, COVID-19 impacts and severe weather, works on the viaduct were completed in November 2022. A new control system will be installed and Department for Transport approval sought to enable operations to restart. The funicular is expected to return to operations during winter 2022-23. The extension to the programme delivery timetable will have a financial impact and HIE will confirm a revised budget as soon as it is possible to do so.

**Contribution to economic development:** The investment is expected to realise significant economic and wider benefits, including supporting the wider tourism sector and generating or supporting 1,000 job-years over the next 30 years (average of 33 FTE posts per year). The full rationale for investment in Cairngorm Mountain is set out in the full business case prepared by HIE and approved by the Scottish Government in October 2020. An executive summary and the business case document (with some redactions made for commercial sensitivity and the effective conduct of public affairs) are publicly available on the HIE website at [Executive Summary](#) and [Business Case Document](#).

**Contact for public enquiries:** email: [enterprisesponsorship@gov.scot](mailto:enterprisesponsorship@gov.scot)

## **Sector: Planning / Land reform**

### **Programme name: Digital Planning**

**Programme description:** Development of a new, open-access, digital planning system to attract future investment, increase community participation and support place-making in Scotland.

**Estimated total investment:** £35 million.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 2021-2026.

**Latest programme progress:** The 5-year programme to digitally transform planning is progressing. The programme was launched in March 2021 and has now entered delivery phase. This will drive efficiencies, streamline services to improve the capacity of planning authorities, and deliver significant economic benefits. Programme governance arrangements have been established to support delivery.

Work is underway to deliver a first version of a new Planning and Building Gateway, the 'digital front-door' to planning and building standard by summer 2023.

Work has begun on a new payment function to improve the user experience for business, applicants and local government will get underway with early adopters from August 2023 and full roll out expected to complete by August 2024.

The first phase of delivering an improved application process for planning and building consents, shifting to a more innovative, smart process which makes better use of data to streamline and make the application process easier to understand and navigate for users is expected to be complete by summer 2023.

A new single payment system will be introduced by summer 2023. This will make the process more user-friendly and less time-consuming for the people and businesses who use it.

A Digital Skills and Capability Programme for the planning profession is being developed in collaboration with the Royal Town Planning Institute and it is intended that implementation will complete by Summer 2023.

The Placebuilder digital engagement tool is being rolled out enabling more inclusive engagement which will particularly benefit people in areas of deprivation to get involved in decisions about their places. We currently have 32 available.

To improve the handling of data and citizen participation in the planning system a 'Place-Tech Lab' will be established which will focus on driving digital innovation and entrepreneurial opportunities while supporting communities in realising 20 Minute Neighbourhood. We expect the full spec and proposal for next steps by April 2023.

**Contribution to economic development:** An economic impact analysis of the programme undertaken by the RTPI estimated up to of £200 million in economic benefits for users of the planning system. This included £20.4 million savings to local authorities on costs of introducing the Planning Act. Large housebuilders are estimated to save between £25k-£30k per site and local housebuilders £1.5k per site. The programme has the potential to create 1,600 jobs in construction and capacity to generate income of £1.6 million per annum over 10 years.

**Contact for public enquiries:** email: [Graeme.Walker@gov.scot](mailto:Graeme.Walker@gov.scot)

## **Programme name: Land reform**

**Programme description:** Capital funding for the Scottish Land Fund (at £8 million per year rising to £11.5 million by 2025-26) and costs for building new Register of Persons Holding a Controlled Interest in Land (£3 million).

**Estimated total investment:** £48 million.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** 2021-2026.

**Latest programme progress:** The Register of Persons Holding a Controlled Interest in Land (RCI) has been built by Registers of Scotland and became operational on 1 April 2022. There is now a one-year transitional period before criminal offences come into force for non-compliance. In addition, we are committed to doubling the Scottish Land Fund by 2026.

**Contribution to economic development:** The Scottish Land Fund enables community groups to purchase assets within their own community and to deliver services to that local community. Whether it is bringing an unused asset back into productive use or ensuring that an existing one continues to be used and developed further, communities taking control of local assets helps to build local community wealth and contributes to the wider economic benefit as a result.

The RCI will improve transparency of who makes decisions about land and land use in Scotland, and gives communities information that can help them engage with landowners and managers, and influence how land in their local area is used.

**Contact for public enquiries:** Scottish Land Fund email: [crtb@gov.scot](mailto:crtb@gov.scot) / Register of Persons Holding a Controlled Interest in Land email: [LandReform@gov.scot](mailto:LandReform@gov.scot)



## Sector: Water

### Programme name: Scottish Water Investment Programme

**Programme description:** For each regulatory period, Scottish Water is directed by Ministers to deliver improvements to customer service, drinking water and environment. During period 2021-27, focus will be on maintaining high quality customer service, replacing aging infrastructure and making progress towards achieving net-zero emissions by 2040.

**Estimated total investment:** £4.5 billion.

**How is programme being funded:** Scottish Water's investment programme is financed from charges from customers and borrowing from the Scottish Government.

**Programme delivery timetable:** Scottish Water will invest up to £4.5 billion during the period 2021-27.

**Latest programme progress:** Progress is reported on by the Delivery Assurance Group which produces quarterly reports which are published on the Scottish Government website at [Water industry: Delivery Assurance Group](#).

Progress as shown in report for Quarter 4 2021-22, shows that delivery continued to be impacted by the changing construction market conditions, increasing timescales and costs to deliver investment. Despite these challenges, the vast majority of projects have been delivered on or ahead of target and at year end, Scottish Water had delivered £799 million of investment; the largest increase in investment levels in more than a decade.

Scottish Water continues to review the impact of the COVID -19 pandemic and changes to construction market on its investment programme.

**Contribution to economic development:** Scottish Water is planning £4.5 billion of critical investment to 2027 supporting over 5,000 jobs directly in the civil engineering, construction and design sectors. This is approximately 20% of the market in these sectors in Scotland.

**Contact for public enquiries:** email: [waterindustry@gov.scot](mailto:waterindustry@gov.scot)

## **Sector: Justice**

### **Programme name: Emergency Services Mobile Communications Programme (ESMCP)**

**Programme description:** Home Office led Programme that provides a new critical communications platform that also provides mobile data capability.

**Estimated total investment:** £9 billion approximately UK-wide (Scottish Government share currently sits at 11.2% of programme costs).

**How is programme being funded:** The Programme is co-funded between the Home Office, Scottish Government, Welsh Government and Department of Health and Social Care.

**Programme delivery timetable:** Started in 2016 and to be delivered by December 2026 (the ESMCP Programme Plan is complex and the date reflects when transition from the current system, Airwave, to ESMCP will take place).

**Latest programme progress:** The Scottish Government continue to work collaboratively with the Home Office and our three emergency services (Police, Fire & Ambulance) in Scotland to assess and assure ESMCP's technical capability, affordability and the wider community benefits it will offer. The Full Business Case was approved by the Boards in July 2021.

**Contribution to economic development:** Investment in Emergency Services Network (ESN) will also mean improvements to 4G network coverage across Scotland. ESN will enable 999 calls to be made securely from mobile phones in some of the most remote and rural parts of Scotland. The emergency services will take priority over all other network traffic, even at peak times in busy urban locations. It will mean the emergency services and other first responders can share vital data, information and expertise quickly and securely from the frontline when it is needed most.

**Contact for public enquiries:** email: [Peter.Brown@gov.scot](mailto:Peter.Brown@gov.scot)

### **Programme name: Transforming Scotland's care of women in custody**

**Programme description:** Programme of work to create a new model of custody to transform the care of women in custody. It involves building facilities in form of a new National Facility and initially two Community Custody Units (CCU) with the development a gender specific trauma informed approach to managing women in custody.

**Estimated total investment:** National Facility for Women Offenders £81.8 million. Dundee CCU £12.3 million. Glasgow CCU £13.6 million.

**How is programme being funded:** Capital funded.

**Programme delivery timetable:** The construction of the Women's National Facility will be complete in spring 2023 with an estimated operational date in summer 2023. The Dundee CCU (the Bella Centre) opened in August 2022 and the Glasgow CCU (the Liliac Centre) opened in October 2022.

**Latest programme progress:** Work to build a new 80 place national facility for women in custody and 24-place assessment centre at existing site of HMP Cornton Vale is progressing. Contract was signed in December 2019 with construction commencing on site in February 2020. Work was suspended in March 2020 in line with COVID-19 restrictions and recommenced in June 2020. Further delays have been experienced due to supply issues within the construction sector.

Contracts for construction of both Community Custody Units in Dundee and Glasgow were signed in January 2020. Due to COVID-19 lockdown, construction was delayed to October and November 2020 and further delays have been experienced during construction due to supply issues within the construction sector. Both Community Custody Units are now complete and operational.

**Contribution to economic development:** Following the easing of COVID-19 restrictions the Scottish Prison Service (SPS) in conjunction with Morrison Construction, sought to re-engage the community benefits where possible. Morrison Construction Community Benefits Team continues to liaise with SPS on a monthly basis to implement their 'pathways to employment' programme in partnership with Wise Group to facilitate the women of Cornton Vale into employment. In addition, the contractor has liaised directly with the women currently accommodated in the existing HMP Cornton Vale, to develop proposals for therapeutic gardens and landscaping which the women will themselves implement in the new establishment on completion. The contractor continues to make direct contributions to local community groups.

The construction contractor for the Community Custody Units was engaged with local community groups to deliver benefits and Community Benefits plans were in place.

**Contact for public enquiries:** email: [gaolinfo@sps.pnn.gov.uk](mailto:gaolinfo@sps.pnn.gov.uk)

## **Summary of changes note**

This note summarises any key changes to programmes within the report since the March 2022 update.

### **Programmes no longer included within the pipeline**

- Highlands and Islands Airports Ltd Air Traffic Control Services - Transport Scotland have confirmed that the 'Highlands and Islands Airports Ltd Air Traffic Control Services' programme inclusion has been cancelled and therefore this has removed from the programme pipeline. This decision was taken in response to the indicative budgets published in the Scottish Government's Resource Spending Review. The Highland and Islands Airports Limited (HIAL) Board undertook a review of the business in order to develop options to ensure the continuation of operations which has resulted in the ending of the programme.

### **Programmes name changes**

- Bus Partnership Fund – This inclusion was previously entitled Future Transport Fund – Bus Priority Investment.
- Heat in Buildings Grants and Loans - This inclusion was previously entitled Heat in Buildings Capital Investment.