

Finance and Public Administration Committee
10th Meeting 2026 (Session 6)
Tuesday 10 March 2026

Scottish Spending Review 2026 and Infrastructure Delivery Pipeline 2026

Purpose

1. The Committee is invited to take evidence from the Cabinet Secretary for Finance and Local Government and Scottish Government officials on the Scottish Spending Review 2026 (SSR) and Infrastructure Delivery Pipeline 2026 (IDP).
2. This follows standalone evidence sessions on the SSR on [24 February 2026](#), and on the IDP on 3 March 2026, which provided a snapshot of how the documents were received amongst key sectors, public bodies and local government. The sessions also built on the Committee's related recommendations in its [Report on the Scottish Budget 2026-27](#)¹.
3. SPICe produced [a separate briefing on the SSR and IDP](#) to support the evidence sessions.

SSR

Overview

4. The [SSR](#) published alongside the Scottish Budget 2026-27 on 13 January 2026 sets out the Scottish Government's indicative spending plans up to 2028-29 for resource, and up to 2029-30 for capital. In her foreword to the SSR, the Cabinet Secretary states that—

“With continued focus on our key priorities and the commitments set out in the Programme for Government, the SSR delivers cumulative real terms resource spending growth of 2.8% up to 2028-29. While Scotland's capital funding will reduce in real terms by 0.3% by 2029-30, as a result of UK Government decisions, we are nevertheless using all funding levers at our disposal to sustain an impactful capital programme.”

5. The SSR further states that while the review is based on robust funding assumptions, “plans should be viewed as indicative and subject to substantial change”, given the wider risks and uncertainties set out in the MTFs. The Scottish Government intends to take forward monitoring and reporting through established governance structures, supplemented through focused reviews of areas of significant spend over the course of the SSR. Progress towards delivery of the targets and measures “will be regularly monitored and updates

¹ Published on 5 February 2026.

on progress of the FSDP will be provided publicly as part of the update of the MTFS”.

6. Annex A of the SSR includes a summary of portfolio spending plans. The document notes that these plans “are focused on delivering our priority outcomes for the people of Scotland [...] and] it represents an important step forward in progressing our work on fiscal sustainability and providing a funding framework for our partner organisations to plan effectively and strategically”.
7. The health, local government and justice sectors were invited to give evidence on [24 February 2026](#) on the SSR as they are all facing particularly difficult funding settlements and expectations around efficiencies and reform plans, while the higher and further education sectors are also facing significant longstanding financial challenges and planned reforms.

The Scottish Government’s approach to the SSR

8. Following its visit to Estonia in September 2024, the Committee has continued to call on the Scottish Government to take a zero-based budgeting approach to developing SSRs.²
9. The Committee has therefore expressed disappointment that “the Scottish Government does not appear to have taken a zero-based budgeting approach to the [2026] SSR”.³ The Committee further stated “there is very little detail in the document about the exact approach the Scottish Government did take [...], and it is therefore not possible for the Committee to have any certainty that the Government took a comprehensive and credible approach”. The Scottish Government responded⁴ that the SSR was developed through a detailed process including “elements of a zero-based budgeting approach” and that the Cabinet Secretary held “deep dive sessions with all Cabinet colleagues [...], with portfolio spending reviewed in detail”. NHS Scotland also told the Committee on 24 February 2026 that “there was a deep dive into all spending lines” as part of the SSR.
10. On zero-based budgeting, the Scottish Funding Council suggested that “having a radical review of roles and responsibilities, almost putting finance to one side, could be beneficial, and the Tertiary Education and Training (Funding and Governance) (Scotland) Bill is helpful in that respect”. The Committee also heard from Police Scotland that “if we are looking at reform and zero-based budgeting, it is important to think about the role of each office and institution within the portfolio”. Police Scotland added, “for example, if we need to become more effective and build our internal capacity and capability within Police Scotland, we need to look at what our role is—and, often, we are the service of first and last resort”.⁵

² [Report on Pre-Budget Scrutiny 2025-26 - Managing Scotland's Public Finances: A Strategic Approach](#) and [Report on Budget Scrutiny 2025-26](#)

³ [Report on the Scottish Budget 2026-27](#) published on 5 February 2026

⁴ [Scottish Government response of 16 February 2026](#)

⁵ [Meeting of the Parliament: pa/24/02/2026 | Scottish Parliament Website](#)

11. Witnesses were also asked how the Scottish Government had engaged with their organisations in developing the SSR. COSLA told the Committee it has had “very good engagement with the Scottish Government, and that has increased during the past couple of years”. COSLA went on to say that “our spokespeople and other colleagues definitely had the opportunity to have quite a lot of discussions” about the SSR. The Scottish Funding Council also said that, along with universities and colleges, it has had much closer engagement on this year’s Budget and SSR than in previous years. More broadly, Police Scotland said that both it, and the Scottish Policy Authority have regular engagement with the Scottish Government.⁶

Level of detail

12. During evidence on 27 January 2026, the Cabinet Secretary was asked to respond to comments from the Scottish Fiscal Commission that the 2026 SSR includes less detail than the last comprehensive SSR in 2011. She noted that the 2026 SSR provides level 4 figures for health and local government and level 3 for social security “because those are among the biggest spending areas”.⁷
13. In its Scottish Budget 2026-27 report, the Committee welcomed publication of the SSR, reflecting it “should provide the trajectory of spending portfolios, public bodies and local government can expect over the next three years”. However, the Committee agreed with witnesses that “more detail could have been included, such as level 3 figures split by capital and resource funding throughout”. It therefore recommended that “the incoming Scottish Government after the election prioritises updating the SSR as early as possible into the new parliamentary session”.⁸
14. The Committee later heard from the Scottish Funding Council that rather than level 2 spending lines, it would have liked to see level 3 figures for its spending area, to provide more certainty around sustainability for individual institutions. NHS Scotland however suggested that while providing more detailed spending lines may better support parliamentary scrutiny, it could also remove some flexibility for bodies in moving funding around as needed to respond to changing demands.

Certainty and deliverability

15. COSLA told the Committee that the SSR “definitely assists” with strategic financial planning. However, witnesses also said they are uncertain how reliable the spending lines are, particularly given comments by the Cabinet Secretary that “the figures [in the SSR] for 2027-28 and 2028-29 will change, for sure, in terms of the funding available”. COSLA said “in effect, we are still operating in uncertain conditions” and while local government Directors of Finance would be

⁶ [Meeting of the Parliament: pa/24/02/2026 | Scottish Parliament Website](#)

⁷ [Meeting of the Parliament: pa/27/01/2026 | Scottish Parliament Website](#)

⁸ [Report on the Scottish Budget 2026-27](#)

working to the assumptions in the SSR, they would also be planning for best and worst-case funding scenarios.

16. The Committee further heard from witnesses that it would be helpful to have clarity around which portfolio areas would be prioritised by the Scottish Government if additional spending becomes available or deprioritised if funding reductions are required.
17. In addition, most witnesses told the Committee that their SSR allocations present significant challenges given the financial outlooks for their sectors/portfolio areas. Police Scotland for example told the Committee that “under a flat-cash scenario, which is what is proposed by the SSR, we cannot provide a balanced budget”, adding “that will have significant operational implications”. Police Scotland further noted that due to extensive reform of the police service from 2013 onwards there are limited opportunities for more efficiencies.
18. COSLA said it agrees with comments from the Fraser of Allander Institute that “the local government settlement looks very difficult over the three-year period, particularly as this includes social care where the Scottish Government have assumed, again, that there will be growing demands”⁹. COSLA went on to say that “because more legislation is added and nothing is taken away, the budgets get more and more compressed, and we cannot continue to deliver”. It further argued, “we need to have a radical review of what we are all delivering and what Scotland wants us to deliver, which will involve having conversations about what we should shift towards”.
19. In contrast, the Scottish Funding Council highlighted “a very welcome budget uplift for 2026-27, which will support stabilisation [...], help us to ensure that these institutions remain a going concern and start the transformation initiatives and mechanisms that can support longer-term sustainability”.

Borrowing flexibilities

20. The Committee heard that when Police Scotland “[...] was brought closer to central government” in 2013 it lost its power to borrow and hold reserves. Police Scotland said, faced with “really restricted funding, those [flexibilities] are incredibly important tools for us, and we have been speaking to [the Minister for Public Finance] about it”.
21. COSLA also told the Committee that “availability of borrowing [by local authorities] is not the issue; it is the affordability of borrowing that is a problem, given the commitment that the council would then have in its future revenue budgets if it had to borrow”.

⁹ [Budget – day 3 reaction – Council tax & the Spending Review | FAI](#)

Portfolio efficiency and reform plans

22. Annex B of the SSR sets out portfolio efficiency and reform plans for portfolios and public bodies, further to the Scottish Government's [Public Service Reform \(PSR\) Strategy: Delivering for Scotland](#) published in June 2025. The PSR Strategy sets out "commitments to change the system of public services - to be preventative, to better join up and to be efficient - in order to better deliver for people [... and] how we will tackle systemic barriers to change". The Strategy includes 18 workstreams including on Shared Services, Workforce, Data Collection, and Scaling Intelligent Automation. The Minister for Public Finance's [latest update on progress with the public service reform programme](#) was provided on 27 January 2026.
23. The Scottish Government intends to make £1.5 billion of cumulative efficiencies across the Spending Review period. The majority of the savings set out in the plans (£384m in 2026-27, £374m in 2027-28, and £303m in 2028-2029) are to be achieved in the health and social care portfolio, mainly through the existing target of 3% recurring savings across core funding for NHS Boards. In its [Budget Briefing](#), SPICe highlights [analysis from Audit Scotland showing that savings of 2.2% were achieved in 2024-25](#), so meeting this target will require an improvement.
24. In its Scottish Budget 2026-27 Report, the Committee said it shares the view of witnesses who expressed concerns regarding the extent to which the targets set out in the Scottish Government's portfolio efficiency and reform plans, including for local government and the justice portfolio, are achievable within the timescales proposed. The Committee therefore urged the Scottish Government to ensure that all savings made are reported regularly to allow scrutiny of progress towards its overall targets, and that these reports include details of any impact on public service delivery.¹⁰
25. The Committee also explored PSR delivery with witnesses on 24 February 2026, who agreed that, to be successful, PSR needs 'buy in' from the workforce. The Scottish Funding Council said its "contribution to public service reform is through the delivery of the most significant transformation of the tertiary education sector in over a decade", while NHS Scotland said that although "at the start of our journey towards reform, we are making notable progress". It provided examples of shifting the balance of care into the community, with a focus on prevention, collaboration across NHS Board boundaries, and the 'digital front door' project.
26. Police Scotland highlighted that savings of £2.5 billion over the past 10 years, and around £300 million on an annual basis, have been achieved through reform of the police service since 2013. It therefore suggested that the room for further savings "is now exhausted", and while it is still trying to be as efficient as possible, "reform takes space and time, and it cannot be done in a scenario in which business-as-usual pressures are increasing".

¹⁰ [Report on the Scottish Budget 2026-27](#)

27. Asked whether the 3% savings targets for NHS Boards set out in the SSR are deliverable, NHS Scotland said “it will be really difficult for our boards to achieve, but it is achievable, and they have totally bought into it”. In addition, “we have really good data on what each board is delivering and how that contributes to the 3% recurring savings target”. It went on to say that “the importance of those 3% savings is completely and totally reinforced by the Scottish Government”.
28. All witnesses said they would welcome greater clarity from the Scottish Government on which roles are considered to be ‘frontline’ and which are defined as ‘back office’ in the context of the Government’s workforce reduction targets.
29. Asked about the Scottish Government’s invest-to-save fund, the Scottish Funding Council said, “we are very much engaged in it [... and] if there is another [such] scheme in 2026-27, we will certainly bid into it”. However, further discussion would be welcome regarding “the timeframe over which it is looking for the benefits to be realised”. The Scottish Government has confirmed that “funding of £29.9 million will be provided in 2026-27, with savings generated being recycled to support future funding rounds”.¹¹

IDP

Overview

30. The Scottish Government published its 2026 [IDP](#) on 13 January 2026 alongside the Scottish Budget 2026-27 and the SSR. According to the Scottish Government, “this new IDP gives the construction sector and the public clarity on the major projects and programmes we will be investing in over the next four years”.
31. The IDP document includes specific investment plans totalling £11.1 billion, as well as plans to develop new revenue-financed programmes of investment. Key investments based on the First Minister’s four priorities¹² include—
 - supporting the delivery of 36,000 affordable homes,
 - targeted investment across the NHS estate, aimed at improving resilience and enabling modernisation of both property and services,
 - £1.2 billion in renewing Scotland’s rail fleet and ferry vessels and associated enabling works,
 - progressing work to dual the A9 between Perth and Inverness,
 - supporting justice and prisoner welfare through investing over £700 million in HMP Glasgow and HMP Highland,
 - investing in Scotland’s natural infrastructure, with nearly £300 million in peatland restoration and woodland creation, and

¹¹ [Scottish Spending Review 2026](#)

¹² Growing the economy, eradicating child poverty, tackling climate change and delivering sustainable public services.

- investing £519m to deliver rail electrification in Fife and the Borders over the course of the Spending Review period.
32. A Delivery Pipeline included at Annex A of the IDP sets out “projects over £5 million and programmes over £20 million with agreed outline business cases (or equivalent) and agreed funding”. Development and Futures Pipelines can be found at Annex B of the IDP, and the Pipeline Decision-making Process is set out at Annex C of the document. The document also includes a web link to an [IDP Excel Spreadsheet](#) providing details of specific projects, cost ranges, delivery timetables and outcomes and benefits to be delivered.
 33. The IDP further explains that the Scottish Government will continue to deploy revenue-funded models, such as the Mutual Investment Model (MIM) “where these clearly enhance value for money, affordability and the certainty of infrastructure investment over the medium term”. The Scottish Government is “actively exploring” using MIM to deliver “a significant programme of community health centres [...] over the coming decade”. It also “continues to apply outcomes-based revenue funding models that leverage local authority borrowing or financial capacity where this offers faster delivery and earlier benefits than waiting for CDEL funding”. Projects being explored under outcome-based revenue funding models include the schools’ estate and support for island communities.
 34. The Scottish Government plans to report on progress in delivering the projects and programmes set out in the IDP every six months. The IDP also states that “we are working to improve transparency further and will continue to engage with Audit Scotland and the Scottish Parliament’s Public Audit Committee to provide the most useful information to the public and the Scottish Parliament”.
 35. The Committee has been requesting a detailed infrastructure plan for over two years, after the Scottish Government delayed its original publication date from December 2023. The Committee therefore welcomed publication of the IDP in providing more information on the Scottish Government’s plans for future infrastructure projects. However, the Committee said it also shares the view of witnesses that detail should have been provided on costs, timelines, and potential overruns for the projects, and that the split between ‘delivery’ and ‘development’ casts some doubt on exactly what will be delivered and by when.¹³
 36. The Committee has recommended that the incoming Scottish Government updates the plans as early as possible after the election.
 37. On 3 March 2026, the Committee heard from the Construction Industry Training Board (CITB) and the Scottish Futures Trust (SFT) regarding the IDP and related issues. Key issues raised are highlighted below.

¹³ [Report on the Scottish Budget 2026-27](#)

Certainty and deliverability

38. The SFT noted that the IDP provides certainty for some organisations for project planning, private sector investment, innovation and skills development, to support economic growth. However, for others more “granularity” is needed. This could include details of the Scottish Government’s priorities beyond a four-year lifespan, the outcomes it wants to achieve, the spending allocated, and evidence of impact. The SFT also highlighted that the costs contained in the IDP are based on the best estimates at the time.
39. The CITB told the Committee that the IDP will give some confidence to employers in the construction industry. However, in Scotland the construction sector consists predominantly of SMEs¹⁴ and micro-businesses which raises some questions around whether it has the capability to deliver the projects, at the cost and timescales expected. The “small pool of delivery partners” comprises 150 companies, not all of whom would tender for projects in the IDP. There is however potential to “tie in” smaller businesses through procurement opportunities.
40. In this context, the SFT highlighted its [Construction Pipeline Forecast Tool](#), which lists over 1,000 public sector projects, with 50% or more valued at under £2 million to support SMEs. (As noted above the IDP only includes projects over £5 million and programmes over £20 million).
41. The tendency for cost-overruns with infrastructure projects in Scotland (and the rest of the UK), as well as delays, higher procurement costs and bureaucracy around planning were highlighted by Committee Members during the session.
42. The SFT therefore suggested that when delivered as a programme (for example, all school projects across the country) rather than as single projects, there is more scope for efficiencies and productivity through standardised approaches. Holding contingency for projects within the portfolio rather than in individual project budgets could also help to better manage uncertainties.
43. On maintenance, the SFT highlighted that many of Scotland’s assets are ageing, with some on the verge of failure. The SFT is therefore helping organisations to better understand their asset base and maximise opportunities for more predictive and preventable maintenance.

Skills development

44. The CITB highlighted a misconception that young people do not want to enter the construction sector. In fact, there are around 100 applicants for each modern apprentice (MA) place as well as around 50,000 students in further education courses relating to construction and engineering. The CITB however described this as “a leaky pipeline” with large numbers not reaching “gainful employment”. The Committee heard that new entrants do not always have the competencies, discipline or soft skills required by industry when leaving school

¹⁴ Small and medium-sized enterprises.

or college. The CITB is therefore involved in a short-life working group looking at options to resolve these issues, such as entrants having engagement with the sector at an earlier stage (pre-MA). This group will report in May 2026.

45. It was highlighted that the MA funding model is currently based on the budget available rather than on demand. Colleges' engagement with employers varies and, in some cases, the number of college places and types of courses need to be more closely matched to regional economic needs. Some employers do not see further education as a recruitment pool in the way they should.
46. Witnesses also argued that Government infrastructure commitments need to be 'joined up', recognising the skills and workforce that will be needed to deliver them. This would help to limit infrastructure projects in different sectors, such as housing developments and hospital- and school-building, competing for the same skilled workforce for projects to be delivered within similar timeframes. The CITB is working alongside the UK Government to establish Construction Centres of Excellence to meet skills gaps and match skills with regional economic needs and infrastructure priorities.

Consultation on Infrastructure Strategy 2027-2037

47. Alongside the IDP, the Scottish Government launched a [consultation on a 10-year Infrastructure Strategy 2027-2037](#) "to guide infrastructure planning, investment, and delivery across Scotland". It describes this Strategy as "an evolution from the previous Infrastructure Investment Plan (IIP), which combined strategy and pipeline".
48. The draft Strategy's vision is that "our infrastructure supports resilience, net zero and inclusive growth", with the three enablers of public assets, private investment and place-making. The draft Strategy "is intended as a consultation document and therefore focuses on high-level priorities and principles rather than detailed portfolio plans". However, the final iteration of the Strategy "will provide greater detail on public assets, sector specific investment priorities, and portfolio level strategies to guide implementation".
49. The consultation closes in early May 2026, with the final Strategy due to be published later in 2026.
50. The [SFT's 30-year Needs Assessment](#) is being used as part of this consultation process. This is Scotland's first assessment of long-term need covering economic, social and natural infrastructure. The SFT states that "at its core, the Needs Assessment highlights a series of essential priorities: strategic leadership, innovation, collaboration, skills, integrated services and behaviour change". It adds that "progress in these areas will rely on Ministers, the Scottish Government, public and private partners, and SFT working together to ensure infrastructure decisions deliver long-term, sustainable benefits for Scotland".
51. During evidence to the Committee on 3 March 2026, the SFT explained that the IDP sits together with the 30-year Needs Assessment in providing opportunities to support infrastructure planning and delivery, which was described as "a long-

term game played in a short-term environment”. It was recognised that as “projects take many years to deliver and very many years to plan, we need to begin to look further ahead”.

Next steps

52. The Committee will consider whether to include any recommendations in its legacy report for its successor committee in relation to the SSR and IDP. The report will be published in March 2026.

Committee Clerking Team
March 2026