

## News release

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### Scottish Government will not meet infrastructure goals

The Scottish Government no longer expects to have enough money to deliver all its planned £26 billion investment in public sector infrastructure.

Growing the economy and delivering high quality public services relies on infrastructure like roads, railways, hospitals and other buildings. But a combination of reduced capital budgets, higher costs and increased maintenance requirements have left ministers with difficult decisions to make on prioritising capital spending. This includes stopping or pausing planned projects.

The Scottish Government's investment plan focuses on driving inclusive economic growth, enabling the transition to net-zero emissions, and building resilient and sustainable places. But it is not always clear how the Scottish Government is directing funding to these three infrastructure investment priorities, or how they will contribute to reducing greenhouse gases.

Better data on the condition, occupancy and cost of the wider public estate is needed to ensure buildings are used more efficiently as part of Scottish Government plans to reform public services.

#### Stephen Boyle, Auditor General for Scotland, said:

"Scottish Government spending decisions on infrastructure will affect public services, and ministers need to be transparent about how they are made.

"Efficient use of the public estate in the future is key to reforming public services, but the Scottish Government needs better infrastructure data to inform its planning."

For further information contact Patrick McFall Tel: 0131 625 1663 / 07786660171  
[pmcfall@audit-scotland.gov.uk](mailto:pmcfall@audit-scotland.gov.uk) or [media@audit-scotland.gov.uk](mailto:media@audit-scotland.gov.uk)

#### Notes to Editor:

1. The Scottish Government anticipates a seven per cent real terms reduction in the capital block grant it receives from the UK Government between 2023/24 and 2027/8. It expects its capital budget to be significantly less than it anticipated in 2022.
2. Construction cost increases have affected existing public estate projects. By June 2023, out of 45 projects, the costs of eight had increased, 13 had been delayed and a further three had been paused. Overall, the cost increase between December 2022 and June 2023 for these projects and programmes is expected to be at least £55 million. See Exhibit 5 in the report for details of individual projects. A revised Infrastructure Investment Plan project list is expected alongside the 2024/24 budget.

- 3.** The Scottish Government is beginning a co-ordinated approach to reform how offices and other administrative buildings are used. Individual public bodies are responsible for managing their operational buildings, such as hospitals and colleges, more efficiently.
- 4.** Twenty-two private finance initiative contracts worth £900.3 million will return to public ownership before 2030. There are risks associated with PFI contracts ending. Public bodies need to consider the impact of contracts ending on their future budgets, how they provide services and their wider asset management strategies.
- 5.** The Scottish Government aims to prioritise enhancing and maintaining existing public estate assets over building new ones. But significant investment is needed in the public estate.
- 6.** Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)
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