The Scottish Government published a progress report on its 2011 Infrastructure Investment Plan on 4 February 2013. The 2013 update focuses on achievements since 2011 and provides updated details on the programmes and projects which form part of the Scottish Government’s investment plan. This briefing provides a summary of the information presented in the 2013 update and reviews the changes between the original plan and the update.
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EXECUTIVE SUMMARY

The Scottish Government published a progress report on its Infrastructure Investment Plan on 4 February 2013 (“the 2013 update”). This report provided an update on the 2011 Infrastructure Investment Plan. The 2013 update focuses on achievements since 2011 and provides updated details on the programmes and projects which form part of the Scottish Government’s investment plan. The update includes three separate documents:

- **A progress report**, providing commentary on activity since the 2011 plan was published and a summary of future plans in each sector. The progress report highlights the achievements since the publication of the 2011 plan, referring to the completion of nine major projects, with a total value of £644.5m.

- **A programme pipeline**, providing details of the 30 major investment programmes that are underway, or planned. Capital values are not attached to all of the programmes but, for those that have capital values identified, the total investment covered by the programmes for the period to 2030 is between £21bn and £26bn. Within the programme pipeline, £15bn-£21bn (around three-quarters of the total estimated value) is accounted for by transport programmes, with the largest being High Speed Rail.

- **A project pipeline**, providing details of 103 individual projects that are underway, or planned. Some, but not all, projects also feature within programmes in the programme pipeline. The project pipeline includes projects with a capital value in excess of £20m, as well as all of the planned school projects within the Schools for the Future Programme and all health sector hub projects with a value in excess of £5m.

  - For those projects for which capital values have been provided, the estimated capital values total around £6.5bn. Within this total, just over 50% of the total capital value is accounted for by transport projects, with the Forth Replacement Crossing alone accounting for almost a quarter of the total project pipeline value. Health projects account for a quarter of the total project pipeline value.

  - Planned investment identified in the project pipeline is split roughly equally between conventional capital funding and revenue funding. The procurement route for £78m of capital investment, relating to 12 school projects, has yet to be determined.

  - Of the 103 projects identified in the pipeline, 68% are in preparation i.e. do not yet have an outline business case; around a fifth (19%) are in construction.

A comparison of the 2011 plan and 2013 update shows a number of changes in terms of estimated capital values and planned timescales. These include both increased and reduced capital values and both earlier and later timescales for projects and programmes.

The 2013 update states that: “The Scottish Government’s £3.1bn capital investment programme for 2012-13 is estimated to support over 40,000 jobs across the Scottish economy in this period.” Neither the 2011 plan nor the 2013 update provide a year-by-year breakdown of planned capital expenditure, so it is not possible to identify which specific projects underpin the £3.1bn figure for 2012-13 (or equivalent figures for future years).
INTRODUCTION


The 2011 Infrastructure Investment Plan provided a detailed review of the purposes of the Scottish Government’s investment plans, the range of proposed funding models, the range of delivery partners, the sectors expected to benefit from investment as well as details on individual projects and programmes. The SPICE briefing on the 2011 Infrastructure Investment Plan provides a comprehensive assessment of the 2011 plan and background information on funding methods (Campbell, 2011).

Coverage of the 2013 update

The 2013 update focuses on achievements since 2011 and provides updated details on the programmes and projects which form part of the Scottish Government’s investment plan. The update includes three separate documents:

- A progress report, providing commentary on activity since the 2011 plan was published and a summary of future plans in each sector.

- A programme pipeline, providing details of the 30 major investment programmes that are underway, or planned. Capital values are not attached to all of the programmes but, for those that have capital values identified, the total investment covered by the programmes for the period to 2030 is between £21bn and £26bn.

- A project pipeline, providing details of 103 individual projects that are underway, or planned. This pipeline includes projects with a capital value in excess of £20m, as well as all of the planned school projects within the Schools for the Future Programme and all health sector hub projects with a value in excess of £5m.

This briefing provides a summary of the information presented within the three documents published as part of the update and reviews the changes between the original plan and the 2013 update.

PROGRESS REPORT

The progress report highlights the achievements since the publication of the 2011 plan, referring to the completion of nine major projects, with a total value of £645m:

- NHS Grampian – Emergency Care Centre (£110m)
- NHS Lanarkshire – Airdrie Community Health Centre (£27m)
- NHS Lothian – Royal Victoria Hospital (£44m)
- NHS Tayside – Mental Health Developments Project (£95m)
- Fife Intelligent Transport System (£13m)
- Paisley Corridor rail improvements (£169m)
• A96 Fochabers to Mosstodloch bypass (£32m)
• HMP Low Moss (£125m)
• HMP Shotts – Redevelopment Phase 2 (£30m)

The report provides an overview of progress and plans within each of 13 sectors, followed by a summary table giving an update on programmes/projects planned to proceed in the current Spending Review period (April 2012 – March 2015).

The progress report states that: “The Scottish Government’s £3.1bn capital investment programme for 2012-13 is estimated to support over 40,000 jobs across the Scottish economy in this period” (Scottish Government 2013a). However, neither the 2011 plan nor the 2013 update provide a year-by-year breakdown of planned capital expenditure. This means that it is not possible to identify which specific projects underpin the £3.1bn figure for 2012-13 (or equivalent figures for future years). Overall totals for individual projects are provided, but no profile of spend for individual projects (for example, the total estimated cost of the New South Glasgow Hospitals is given, but no indication of how this spend will be spread across the lifetime of the project).

PRESENTATION OF PROGRAMME/PROJECT INFORMATION

The presentation of the programme/project information in the 2013 update differs from that in the original plan. In the 2011 plan, no distinction was made between programmes and projects, while in the 2013 update, information on programmes and projects is published separately. No formal definition of what constitutes a programme or project is given but, in general, the programme pipeline covers broader investment plans, comprising groups of projects, while the project pipeline relates to individual discrete projects. Some projects will form part of a wider programme (for example, schools are part of the wider Schools for the Future Programme), while other projects – such as colleges and prisons – only feature as individual projects and do not appear within a wider programme. Taken together, the programme and the project pipeline give a comprehensive statement of investment plans. However, it would be misleading to add the two pipelines together as there is some duplication between the two pipelines – for example, schools and some health and transport projects appear within both pipelines.

PROGRAMME PIPELINE

The programme pipeline covers the Scottish Government’s 30 major investment programmes. Capital values are not attached to all of the programmes but, for those that have capital values identified, the total investment covered by the programmes for the period to 2030 is between £21bn and £26bn.

Within the programme pipeline, of those programmes for which costs have been identified, the largest (with estimated capital values in excess of £1bn) are:

• Transport: High Speed Rail – estimated capital value of £8-9bn
• Transport: Glasgow Terminal Stations (West of Scotland Strategic Rail Enhancements) – estimated capital value of £1.3bn-£3.0bn
• Transport: A9 dual carriageway (Perth to Inverness) – estimated capital value of £1.5bn-£3bn
- Transport: A96 dual carriageway (Inverness to Aberdeen) – estimated capital value of £3bn
- Education: Scotland’s Schools for the Future – estimate capital value of £1.25bn
- Water: Scottish Water Investment Programme – estimated capital value of £2.5bn

Within the £21bn-£26bn total planned capital investment covered by the programme pipeline, £15bn-£21bn (around three-quarters) is accounted for by transport programmes, with the largest being High Speed Rail (HSR). These are all longer term programmes for delivery beyond the current Spending Review period i.e. beyond 2014-15. The scope of the HSR programme has been expanded beyond the programme described in 2011 and now includes plans for a Scottish section of HSR between Edinburgh and Glasgow. However, the estimates for the HSR programme do not currently include the costs of the proposed Scottish HSR line, although the Scottish Government states that work is progressing on the business case and cost estimates.

It should be noted that, in capital value terms, programmes are not necessarily larger in scale than projects. There are, for example, a number of programmes that are smaller in capital value than individual projects identified in the project pipeline (for example, the Scottish Court Replacement and Rationalisation programme which has a capital value of £10m-20m, or the Criminal Courts Complex Parliament House programme with a capital value of £7m-14m).

**PROJECT PIPELINE**

The project pipeline provides details of 103 projects which are either underway or ‘in preparation’. In general, the project pipeline only details those projects with an estimated capital value in excess of £20m, although all school projects are included and health hub projects with a value in excess of £5m are also included. Local authority led projects which are identified and delivered under the terms of Single Outcome Agreements are not included (for example the Glasgow Subway Modernisation project and the Clyde Fastlink project). For projects where revenue financing is to be used, the capital cost relates to the initial capital expenditure used to build the asset and excludes subsequent lifecycle costs and other separately funded elements such as capital-funded enabling works. Figure 1 shows the location of projects in the pipeline.
Figure 1: Map of projects in pipeline

Notes:
- Excludes all transport projects which are listed in the box
- Locations are based on information in project pipeline and may be approximate
- Where school projects involve multiple sites, only one site is identified on the map
For those projects for which capital values have been provided, the estimated capital values total around £6.5bn. The largest projects (with an estimated capital value of more than £100m) are:

- **Transport**: Forth Replacement Crossing (estimated capital value of £1.45bn-£1.6bn)
- **Health**: New South Glasgow Hospitals and Laboratory Facility Project (estimated capital value of £842m)
- **Transport**: Edinburgh Glasgow Improvement Programme (estimated capital value of £650m)
- **Transport**: Aberdeen Western Peripheral Route/Balmedie-Tipperty (estimated capital value of £472m)
- **Transport**: M8, M73, M74 Motorway Improvements (estimated capital value of £415m)
- **Transport**: Borders Railway (estimated capital value of £294m)
- **Health**: NHS Dumfries and Galloway Acute Services Redevelopment Project (estimated capital value £200m)
- **Further Education**: City of Glasgow College (estimated capital value £193m)
- **Health**: Royal Hospital for Sick Children / Department of Clinical Neurosciences (estimated capital value £145m)
- **Health**: Redevelopment of Royal Edinburgh Hospital Campus - Phase 2 to 5 (estimated capital value £122m)

The charts below summarise some of the main findings from an analysis of the project pipeline data. Where the analysis relates to capital values, the projects without capital values attached are excluded from the analysis. There are 19 projects with no capital value attached, all of which are schools with planned revenue funding through the hub.

**Project pipeline by sector**

Figure 2 shows an analysis of the project pipeline by sector, analysed both by the number of projects and then by the value of projects. Of the 103 projects shown in the project pipeline, schools account for the majority (59%) in terms of numbers of projects. Health projects account for a fifth of the total number of projects, followed by transport, which accounts for a tenth of projects.

Due to the size of transport and health projects, the analysis by value of projects shows a different picture. For those projects that have a capital value attached, just over 50% of the total capital value of £6.5bn is accounted for by transport projects, reflecting the scale of these projects relative to projects in other sectors. The Forth Replacement Crossing alone, with a capital value of £1.45bn-£1.6bn accounts for almost a quarter of the total project pipeline value. Health projects account for a quarter of the total project pipeline value. Schools account for around a tenth of the total project pipeline value, although it should be noted that this will be an underestimate of the value of schools projects due to the fact that 19 schools in the project pipeline have no capital value identified at present.
Figure 2: Project pipeline by sector

Figure 3 provides an analysis of the planned capital investment shown in the project pipeline according to the proposed procurement route. In general terms, projects can be classified as either conventional capital or revenue funded. More specifically, the funding models identified in the project pipeline are:

- **Conventional capital** – projects are funded upfront through the Scottish Government’s capital budget (£2.5bn in 2013-14)
- **Non-profit distributing (NPD) model** – a form of revenue funding, whereby the private sector funds the upfront capital costs and the Scottish Government pays for the assets through annual payments known as unitary charges (usually for 25-30 years) once the asset is operational. The NPD model was developed and introduced as an alternative to, and has since superseded, PPP/PFI in Scotland.
- **Regulatory asset base (RAB) funding** – a form of revenue funding, whereby Network Rail pays for the up-front infrastructure costs by borrowing against its asset base and then repays the loans using payments from the Scottish Government over the lifetime of the asset (usually 30 years)
- **hub** – the hub is a Scotland-wide hub initiative led by the Scottish Futures Trust which brings together community planning partners, including health boards, local authorities, police, and fire and rescue services together with a private sector development partner to form a hubCo and take forward revenue funded projects (again, funded upfront by the private sector partner(s) and repaid through unitary charges once the project is operational)
- **CMAL** – refers to the Ullapool-Stornaway Ferry project, which is a revenue funded project to be led by Caledonian Maritime Assets Limited (CMAL)

Further detail on the various funding models can be found in the SPICE briefing on the 2011 Infrastructure Investment Plan (Campbell 2011).
Figure 3: Project pipeline by planned procurement route

Note: excludes 19 school projects that have no capital value identified in project pipeline

The analysis shows that planned investment identified in the project pipeline is split roughly equally between conventional capital funding and revenue funding (NPD, hub, RAB and CMAL). The procurement route for £78m of capital investment, relating to 12 school projects has yet to be determined.

Figure 4 shows an analysis of planned procurement routes by sector. Transport and health reflect the overall pattern of a broadly even split between conventional capital and revenue funding approaches. Schools and further education projects are more dependent on revenue financing, while the justice, culture and enterprise projects in the pipeline are exclusively conventional capital.
Status of projects in pipeline

The project pipeline database contains details of the status of each project. The various stages (in order of progress towards construction) are:

- In preparation (this signifies projects which do not have an Outline Business Case (OBC) approved as yet)
- OBC approved
- Tender process underway (project advertised to market, pre-qualification questionnaire issued or invitation to tender issued)
- Preferred bidder appointed
- Contract signed
- In construction

Figure 5 provides an analysis of the status of the projects in the pipeline, both in terms of the numbers of projects and the value of the projects. Of the 103 projects identified in the pipeline, 68% are in preparation i.e. do not yet have an OBC. Just under a fifth (19%) are in construction. When analysed by value, over half (57%) of the total value of projects is accounted for by projects that are in construction. A fifth are in preparation and a further fifth
are in the process of being tendered. The difference between the two sets of figures is largely due to the effect of the largest project (the Forth Replacement Crossing) which is in construction.

**Figure 5: Status of projects in pipeline**

Note: analysis by value excludes 19 school projects that have no capital value identified in project pipeline

**CHANGES BETWEEN 2011 AND 2013**

**Projects that are no longer in the pipeline**

The 2013 update provides an update on the programmes and projects detailed in the original 2011 plan. Some of the programmes/projects that appeared in the 2011 pipeline do not feature in the 2013 pipeline, in many cases because they have been completed in the period between the two publications. The programmes/projects which do not appear in the 2013 update are:

- NHS Grampian – Emergency Care Centre – completed
- NHS Lanarkshire – Airdrie Community Health Centre - completed
- NHS Lothian – Royal Victoria Hospital – completed
- Intelligent Transport System – completed
- Paisley Corridor rail improvements – completed
- HMP Stirling – the original objectives of this project are to be addressed by HMP Inverclyde, so HMP Stirling is no longer going ahead
- Glasgow Subway Modernisation – this is a local authority investment within the terms of the Single Outcome Agreement and such projects are no longer included in the pipeline
- Clyde Fastlink – this is a local authority investment within the terms of the Single Outcome Agreement and such projects are no longer included in the pipeline
• Technology Innovation Centre based at the University of Strathclyde – the estimated capital value of this project has been reduced from £89m to £12m, so now falls below the threshold for inclusion in the pipeline document

Projects that are new to the pipeline

There are also a number of projects that appear in the 2013 pipeline, but did not feature in the 2011 pipeline. In the majority of cases, these are schools or health hub projects, which were excluded from the 2011 pipeline. Aside from schools and health hub projects, there are three projects that are not specifically identified in the 2011 document, but which appear in the 2013 pipeline. It is not clear whether these are genuinely new projects, or whether they fall within wider programmes that were identified in the 2011 plan. They are:

• A75 Dunragit bypass (which may be included in the targeted bypass programme referred to in the 2011 pipeline)
• A876 Kincardine refurbishment
• Inverness campus

Projects for which pipeline details have changed

For those programmes/projects that appear in the pipeline documents in both 2011 and 2013, a comparison of the two publications (and associated documents) shows a number of changes in terms of estimated capital values and planned timescales.

Commenting on these revisions, the Scottish Government states that:

“Cost estimates for individual projects may rise or fall for a number of reasons, including: 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. Timescale estimates for individual projects may be lengthened or shortened for a number of reasons, including: changes to the scope of the projects; 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.” (Scottish Government, 2013d)

The changes are summarised in the following tables, as follows:

• Table 1 shows 7 programmes/projects where the estimated capital value has been reduced (in some cases, additional detail on timescales has also been provided)
• Table 2 shows 4 programmes/projects where the estimated capital value has been increased (in some cases, additional detail on timescales has also been provided)
• Table 3 shows 2 programmes/projects with a revised timescale which is earlier than in the 2011 plan
• Table 4 shows 3 programmes/projects with a revised timescale which is later than in the 2011 plan
• Table 5 shows 5 programmes/projects where additional detail on capital value has been provided
Table 6 shows 5 programmes/projects where there is less detail or revised wording in relation to capital value/timescale.

It should be noted that in some cases, the changes between the 2011 plan and the 2013 update are relatively minor. The tables below only include programmes/projects where the changes involve revisions to capital values of more than £10m or changes to timescales of more than a year.

**Table 1: Programmes/projects with lower capital value**

<table>
<thead>
<tr>
<th>Name</th>
<th>Programme or project</th>
<th>Nature of change</th>
<th>2011 plan</th>
<th>2013 update</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHS Ayrshire and Arran - Mental Health</td>
<td>Project</td>
<td>Lower capital value</td>
<td>£75m</td>
<td>£48m</td>
</tr>
<tr>
<td>NHS Dumfries &amp; Galloway - Dumfries &amp; Galloway Royal Infirmary Redevelopment</td>
<td>Project</td>
<td>Lower capital value; additional detail on timescale</td>
<td>£230m</td>
<td>£200m 2015-2018</td>
</tr>
<tr>
<td>NHS Lothian - Royal Hospital for Sick Children and Department for Clinical Neurosciences</td>
<td>Project</td>
<td>Lower capital value; additional detail on timescale</td>
<td>£225m</td>
<td>£145-165m 2014-2017</td>
</tr>
<tr>
<td>NHS Orkney - Reprovision of Balfour Hospital and Kirkwall Dental Centre</td>
<td>Project</td>
<td>Lower capital value; additional detail on timescale</td>
<td>£70m</td>
<td>£58-62m 2015-2017</td>
</tr>
<tr>
<td>NHS Ayrshire &amp; Arran - Building For Better Care</td>
<td>Project</td>
<td>Lower capital value; additional detail on timescale</td>
<td>£35.8m</td>
<td>£20.6-21.6m 2014-2015</td>
</tr>
<tr>
<td>Edinburgh - Glasgow Rail Improvements</td>
<td>Project</td>
<td>Lower capital value; additional detail on timescale</td>
<td>£1.1bn</td>
<td>£650m Complete 2016</td>
</tr>
<tr>
<td>A82 Improvements</td>
<td>Programme</td>
<td>Reduced upper threshold for capital value</td>
<td>£200-500m</td>
<td>£200-250m</td>
</tr>
<tr>
<td>Table 2: Programmes/projects with higher capital value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>Name</strong></td>
<td><strong>Programme or project</strong></td>
<td><strong>Nature of change</strong></td>
<td><strong>2011 plan</strong></td>
<td><strong>2013 update</strong></td>
</tr>
<tr>
<td>A96 Dual-carriageway</td>
<td>Programme</td>
<td>Higher capital value</td>
<td>£250-500m</td>
<td>£3bn</td>
</tr>
<tr>
<td>M8 M73 M74 Motorway Improvements</td>
<td>Project</td>
<td>Higher capital value</td>
<td>£280-335m</td>
<td>£415m</td>
</tr>
<tr>
<td>Aberdeen Western Peripheral Route (AWPR) / A90 Balmedie-Tipperty – two projects combined</td>
<td>Project</td>
<td>Higher capital value; additional detail on timescale</td>
<td>£295-395m (AWPR) £53-63m (A90) Timescale TBC</td>
<td>£472m 2014-2018</td>
</tr>
<tr>
<td>Affordable housing and National Housing Trust</td>
<td>Programme</td>
<td>Higher upper threshold for capital value</td>
<td>£630m</td>
<td>£630-800m</td>
</tr>
</tbody>
</table>

| Table 3: Programmes/projects with earlier timescale |
|---------------------------------|-----------------|-----------------|------------|----------------|
| **Name**                        | **Programme or project** | **Nature of change** | **2011 plan** | **2013 update** |
| A9 Dual-carriageway (Perth to Inverness) | Programme | Earlier timescale | Phased programme of schemes from 2017 onwards | Phased programme of schemes from 2015-16 onwards |
| Glasgow School of Art           | Project         | Earlier timescale | 2011-2014   | Complete 2013   |

| Table 4: Programmes/projects with later timescale |
|---------------------------------|-----------------|-----------------|------------|----------------|
| **Name**                        | **Programme or project** | **Nature of change** | **2011 plan** | **2013 update** |
| Borders Railway                 | Project         | More precise capital value; later timescale | £235-295m; 2012-2014 | £294m; Complete by 2015 |
| Stornoway - Ullapool ferry      | Project         | Slightly lower capital value; later timescale | £45m 2011-2013 | £41-42m 2013-14 |
Table 5: Programmes/projects with additional detail on capital value

<table>
<thead>
<tr>
<th>Name</th>
<th>Programme or project</th>
<th>Nature of change</th>
<th>2011 plan</th>
<th>2013 update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trunk road improvements (including bypasses)</td>
<td>Programme</td>
<td>Additional detail on capital value</td>
<td>Phased programme of schemes from 2017 onwards</td>
<td>£100-250m</td>
</tr>
<tr>
<td>Low Carbon Transport</td>
<td>Programme</td>
<td>Additional detail on capital value</td>
<td>No figure given</td>
<td>£200m</td>
</tr>
<tr>
<td>HMP Inverclyde</td>
<td>Project</td>
<td>Additional detail on capital value</td>
<td>No figure given</td>
<td>£70-80m</td>
</tr>
<tr>
<td>HMP Glasgow</td>
<td>Project</td>
<td>Additional detail on capital value</td>
<td>No figure given</td>
<td>£100m</td>
</tr>
<tr>
<td>HMP Highland</td>
<td>Project</td>
<td>Additional detail on capital value</td>
<td>No figure given</td>
<td>£63m</td>
</tr>
</tbody>
</table>

Table 6: Programmes/projects with less / revised detail on capital value/timescale

<table>
<thead>
<tr>
<th>Name</th>
<th>Programme or project</th>
<th>Nature of change</th>
<th>2011 plan</th>
<th>2013 update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish National Blood Transfusion Service</td>
<td>Project</td>
<td>Slightly higher capital value; additional detail on timescale</td>
<td>£35m Timescale TBC</td>
<td>£36m 2014-2017</td>
</tr>
<tr>
<td>Emergency Services Future Communications Programme to replace existing Airwave services</td>
<td>Programme</td>
<td>Less detail on capital value and timescale</td>
<td>£500m 2016-2020</td>
<td>£TBC and no specific dates for delivery</td>
</tr>
<tr>
<td>Aberdeen - Central Belt rail improvements</td>
<td>Programme</td>
<td>Changed wording on timescale</td>
<td>Beyond 2019</td>
<td>Phased programme over period to 2030</td>
</tr>
<tr>
<td>Aberdeen - Inverness Rail Improvements</td>
<td>Programme</td>
<td>Changed wording on timescale</td>
<td>Phased programme over period 2015 onwards</td>
<td>Phased programme over period to 2030</td>
</tr>
<tr>
<td>Highland Main Line</td>
<td>Programme</td>
<td>Changed wording on timescale</td>
<td>Phased programme over period to 2025</td>
<td>Phased programme over period 2014 to 2025</td>
</tr>
</tbody>
</table>

Note: details of school projects and health hub projects were not included in the 2011 Infrastructure Investment Plan, so changes to the plans for these projects cannot be compared and they are not included in the tables above.
ANTICIPATED ECONOMIC IMPACT

The 2013 update refers to the anticipated economic impact of the Scottish Government’s capital investment:

“Every additional £100 million of capital invested in 2012-13 is estimated to generate £160 million worth of economic activity and support 1400 jobs across the Scottish economy in that year.”

And:

“The Scottish Government's £3.1 billion capital investment programme for 2012-13 is estimated to support over 40,000 jobs across the Scottish economy in this period.”

(Scottish Government, 2013a)

The employment impact estimates are derived by using the £3.1bn planned capital investment figure with the Scottish Government’s input-output model. This is a model of the flows of goods and services in the Scottish economy for a given year. The latest data were published in 2010 and relate to 2007 (Scottish Government 2010). They detail the relationship between producers and consumers and the interdependencies between industries. This information provides the basis for estimates of the effect increased expenditure in one area of the economy will have on other parts of the economy. The impact of increased spending in one area results from both direct effects, as well as indirect effects (through the supply chain).

The Scottish Government uses its estimates of the spread of planned capital expenditure across different industries along with the input-output model to derive estimates of the impact Scottish Government capital expenditure will have on employment and economic activity. The results show how many jobs would be supported in a given year as a result of the capital expenditure in that year. The figures represent the jobs supported by the construction activity in that year and do not reflect longer term jobs associated with specific projects.

If capital expenditure is lower or higher than estimated, then the jobs impact would be correspondingly lower/higher. For the years 2012-13 to 2014-15, estimated capital expenditure by type is as shown in Table 7. On the basis of the same assumptions, planned capital expenditure in 2013-14 would support 45,000 jobs and planned capital expenditure in 2014-15 would support 55,000 jobs. It is not clear which specific projects the £3.1bn in 2012-13 relates to (or equivalent figures for later years), as no year-by-year analysis is provided in the Infrastructure Investment Plan or elsewhere.

Table 7: Capital investment by type

<table>
<thead>
<tr>
<th>(£ million, cash)</th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital DEL (including consequentials)¹</td>
<td>2,736</td>
<td>2,362</td>
<td>2,437</td>
</tr>
<tr>
<td>NPD programme</td>
<td>20</td>
<td>338</td>
<td>973</td>
</tr>
<tr>
<td>RAB enhancements</td>
<td>82</td>
<td>184</td>
<td>232</td>
</tr>
<tr>
<td>Capital Receipts</td>
<td>60</td>
<td>77</td>
<td>73</td>
</tr>
<tr>
<td>Resource to Capital Switch</td>
<td>207</td>
<td>243</td>
<td>270</td>
</tr>
<tr>
<td>Total estimated capital investment</td>
<td>3,105</td>
<td>3,203</td>
<td>3,985</td>
</tr>
</tbody>
</table>

¹Differs from figures in Table 1 of the Draft Budget 2013-14, due to inclusion of £30m from budget exchange in 2012-13 and exclusion of £15m of consequentials in 2013-14 not formally received at time of Draft Budget.  
Source: Scottish Government, personal communication
SOURCES


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