

Investing for Jobs: Capital Spending Review Framework 2021-22 to 2025-26

September 2020

Contents

Ministerial Foreword

Spending Outlook

Delivering the National Infrastructure Mission

Strategic Context

Ensuring Sustainability

Annex A – Investing in Low Carbon Schemes



MINISTERIAL FOREWORD

COVID-19 – the single greatest public health crisis of our lifetimes – has had a profound impact on our health, our economy and society, indeed our whole way of life. Scottish GDP fell by 19.4% in the second quarter of 2020: this has been a dramatic shock to our economy. Our clear priority is dealing with the economic, health, and social crises that COVID-19 has brought.

As reported to Parliament, one effect of the pandemic was a necessary delay to our Capital Spending Review, which had been due to be published by end June 2020.

The Scottish Government wants to ensure that society can thrive economically, socially and environmentally, and to deliver sustainable and inclusive growth for all. Making the right investments in the right places is crucial. We need the ability to respond quickly to boost the economy.

Our capital funding supports economic growth by investing directly in businesses to boost innovation and employment, funding research and development, and capitalising the Scottish National Investment Bank.

And capital investment crucially supports employment and economic recovery through our large-scale infrastructure plans.

Around 90% of our capital budget supports infrastructure - from the homes we live in and the water, energy and telecommunication we consume, to how we travel to the places we work, shop and learn.

Our strategic draft Infrastructure Investment Plan covers 2021-22 to 2025-26, and is published alongside this high level Framework. It sets out around £24 billion of key projects and programmes that can be confirmed now, including those deploying revenue finance. Early commencement of these can ensure we deliver our National Infrastructure Mission, to increase annual investment in infrastructure by £1.5 billion by 2025-26.

It is estimated that the £6.4 billion of investment in 2021/22 set out in National Infrastructure Mission, rising to £7 billion in 2025/26, will support 45,000 full time equivalent jobs across those years. This includes the jobs supported directly, mainly in the construction sector, but also the indirect jobs supported in the supply chain.

In recognition of the climate emergency, declared by the First Minister, the Scottish Government announced, in February 2020, that it would ring-fence £2 billion of new funding over the next Parliamentary term. Our Framework ensures that investment.

It further details those specific schemes which make up the first £1.6 billion tranche of new funding. We are already protecting £1.8 billion annual investment in low carbon schemes. So the first tranche of new investment will provide an almost 18% boost in funding for a green recovery over the next Parliamentary term.

Our draft Infrastructure Investment Plan shows how we will bring forward a pipeline of work to help us build back stronger from the pandemic, and the Capital Spending Review Framework shows how funding and finance is matched to our decisions.

This Framework covers the 5 financial years of the next Parliamentary term. It sets out now how we have a full and realistic plan for around £33.5 billion of investment to deliver the ambitious National Infrastructure Mission. Our financial assumptions are prudent. Stakeholders can have confidence in them.

Our high level Framework aims to support transparency and an open dialogue with Parliament, Local Government and other partners about the fiscal context, and our financial assumptions. In its 2017 Budget Process Review Group report, Parliament called for such transparency and the chance to engage in multi-year financial planning.

After such engagement, and once the UK Government has concluded its own upcoming Comprehensive Spending Review, we can publish formal multi-year capital budget allocations, likely alongside Scottish Budget 2021-22.

It is right that we engage at a high level before finalising details, and we are also open about the risk we face from working with the uncertainty around future UK capital plans. Stimulating the economy means being ready to respond quickly once UK plans are clear, which is why we are publishing our Framework now.

But we also need to prepare for delayed UK plans, a new austerity approach, or uneven patterns of UK future investment. Delay risks uncertainty and paused investment, damaging our economy.

There is now, more than ever, a need for greater capital stimulus from the UK Government, and for them to agree increased fiscal flexibilities for the Scottish Government.

The Chancellor announced on 24 March 2020 that the anticipated UK Comprehensive Spending Review would be delayed from July, to enable a focused COVID-19 response.

Whilst we know that the UK Government now intends to publish its own Spending Review in the autumn, we do not yet know how the Chancellor aims to respond to the substantially changed UK fiscal position arising from COVID-19.

We call on the UK Government to deliver on their March 2020 capital stimulus plans, and to extend the Scottish Government's capital borrowing powers to help us respond effectively to the pandemic.

The Treasury has delayed previously announced Capital Spending Reviews, and their response to the UK National Infrastructure Commission, four times so far. COVID-19 and Brexit uncertainties could again affect their plans. Given the significant economic implications of the pandemic, we cannot delay all Scottish planning until the UK Government takes action.

Our coherent focus can provide huge opportunities for Scotland's people. We will drive innovation, ensure access growing global markets, create good, sustainable and green jobs and support a just and fair transition and wellbeing outcomes.

**Kate Forbes - Cabinet Secretary for Finance
September 2020**

SPENDING OUTLOOK

The UK Comprehensive Spending Review

The Chancellor announced on 24 March 2020 that the anticipated UK Comprehensive Spending Review would be delayed from July, to enable a focus on responding to the COVID-19 emergency.

The pandemic has led to a significant, and not yet fully clear, deterioration in the UK public finances. Alongside meeting health needs, the costs of economic supports such as the furlough scheme are significant. All parts of the UK have experienced a large economic shock, suggesting ongoing downward pressure on government revenues from decreased economic activity.

The Chancellor confirmed on 21 July 2020 that the UK Government will undertake its Comprehensive Spending Review in the Autumn, which will set UK resource budgets for the years 2021-22 to 2023-24 and capital budgets for the years 2021-22 until 2024-25. The Scottish Capital Spending Review is preparing to cover another year again, to 2025-26, consistent with delivering our key National Infrastructure Mission.

It is unclear what the Treasury's response will be to the significantly changed fiscal context. The Chancellor's language has sought to manage expectations down, with reference to only real-terms growth across resource and capital grant over the period as a whole, and against a resource baseline lower than the pre-COVID-19 2020-21 funding.

It is possible that the pressures on capital and resource funding may differ. For example, the UK Government may seek to bring forward a programme of capital stimulus. Alternatively, more UK borrowing may be required for social security or other resource purposes, constraining the scope for capital increases. It may be that the UK Government does not consider real-terms growth possible in each year.

The Case for Scottish Government Action

The Scottish Government will engage fully with the UK process and will continue to press for early clarity on funding envelopes. Until then, the Scottish Government must undertake its own capital planning based on modelled forecasts. These are based on the best information available, but estimates can never be fully accurate.

One question is why Scottish Ministers should await a UK Comprehensive Spending Review outcome before commencing our own financial planning.

HMT have delayed previously announced UK Capital Spending Reviews, and their response to the UK National Infrastructure Commission, four times so far. COVID-19 and Brexit uncertainties could again affect their plans. Delay risks uncertainty and paused investment, damaging our economic recovery.

Given we don't know when the UK Review will fully conclude, there is a risk it falls very close to our own Budget 2021-22 process, or even the end of the financial year and Scottish election, leaving insufficient time for proper Scottish financial planning.

The First Minister committed, in September 2018, to a National Infrastructure Mission to increase annual investment in infrastructure by 1% of 2017 Scottish GDP by 2025-26. As the Advisory Group on Economic Recovery concluded in June 2020, it is important for Scotland that the Scottish Government continues to deliver the Mission, to aid our recovery from the economic harm arising from COVID-19.

There are significant benefits in a Scottish Capital Spending Review that sets out forward investment levels, consistent with the Mission. This will help us deliver our own plans in a confident and realistic way, rather than be held in thrall to an uncertain UK Government agenda. It permits more control over the momentum of economic recovery and future developments in Scotland.

Scottish Ministers recognise that nearly all of the major projects announced as part of the 2015 Infrastructure Investment Plan have already successfully been delivered. For example, nearly £0.5 billion investment in our Digital Scotland Superfast Broadband programme has ensured over 97.8% of premises across Scotland can now access fibre broadband, helping homes and businesses. Our comprehensive Edinburgh to Glasgow Improvement Programme delivered over £850 million investment in comprehensive improvements to railway infrastructure and rolling stock, boosting our connectivity and economy. We have enabled new Early Learning and Childcare facilities, which boost outcomes for children and support their carers, and invested over £3.5 billion in affordable homes.

Moving forward, clarity on our new multi-year capital plans, and the investments they will underpin, has the potential to boost confidence in sectors across Scotland's economy, and to encourage necessary private sector investment.

Our draft Infrastructure Investment Plan 2021-22 to 2025-26, published alongside this Framework, aims to provide as much market certainty as possible, through its significant pipeline of around £24 billion of major projects and programmes.

Future Funding Scenarios

We have prepared for a Capital Spending Review alongside working up our new Infrastructure Investment Plan. This allows strategy, project and programme funding to be aligned. It means we can show confidently that our announced plans are affordable and fully funded, whether through our Programme for Government 2020 or as set out in the draft Infrastructure Investment Plan.

This Framework sets out future funding scenarios and our own planning assumptions. Later in the year, once the UK Comprehensive Spending Review has concluded, we can publish detailed multi-year capital allocations, alongside Scottish Budget 2021-22.

As we must proceed on the basis of estimates, the Office of the Chief Economic Adviser has modelled three potential scenarios:

- **Scenario 1:** Consistent with Office of Budget Responsibility (OBR) estimates based on plans announced at UK Budget 2020-21
- **Scenario 2:** Real terms funding uplift of 1%, using July OBR inflation estimates
- **Scenario 3:** Funding outlook flat in real terms, using July OBR inflation estimate

Scenario	2020-21	2021-22	2022-23	2023-24	2024-25	2056- 26
Scenario 1 – Consistent with UKG March 2020 Budget	4,866	5,616	5,917	6,252	6,476	6,476
Scenario 2 - Real Uplift - Baseline Growth + 1% (July Inflation)	4,866	4,921	5,075	5,228	5,387	5,387
Scenario 3 - Flat Real Terms (July Inflation)	4,866	4,872	4,976	5,077	5,180	5,180

*excludes Financial Transactions funding

Given the UK Comprehensive Spending Review aims only to cover a period one year shorter than the Scottish National Infrastructure Mission and next Parliamentary term, the final 2025-26 year is forecast prudently to hold at level cash.

Scenario 1 is consistent with UK Conservative manifesto claims that the funding allocated to Scotland would be sufficient to meet the National Infrastructure Mission in its entirety. We call on the UK Government to deliver on its commitment.

However, in light of the impact of COVID-19, and shifts in UK Government language around future investment, the Scottish Government cannot be confident that this level of funding will be available. Scottish Ministers are committed to setting out a clear path to deliver the National Infrastructure Mission, and have consequently also considered how more pessimistic future UK scenarios could impact our plans.

We set out transparently in this Framework the information to evidence that our plans are realistic, and deliverable, and that Scotland can have full confidence in them.

Financial Transactions (FTs) are a type of capital funding, initially introduced by Treasury in 2012-13. They are available for equity investments, or loans to individuals or private or third sector organisations, such as companies or universities. FTs require to be repaid by the Scottish Government to UK Government. Previous Financial Transaction budgets have been used to good effect in Scotland, such as to grow early stage innovative companies or to improve people's chances to own their own home.

Financial Transactions consequentials to Scotland have predominantly arisen from UK funding of the English 'Right to Buy' housing scheme, which is expected to conclude in March 2023. Intentions thereafter will only become clear in a UK Comprehensive Spending Review. There is currently a lack of certainty around their continuation.

Any UK decision to discontinue FT budgets would have a significant impact and requires a lengthy lead-in time to allow orderly transition, if that is what's required. We call on the UK Government quickly to clarify its intentions regarding continued use of this type of funding, and to replace the budgets with at least commensurate levels of capital grant should it prefer not to continue with FTs.

DELIVERING THE NATIONAL INFRASTRUCTURE MISSION

In the 2018 Programme for Government, the First Minister announced a National Infrastructure Mission to increase annual investment in infrastructure by 1% of 2017 Scottish GDP by 2025-26.

This is the level we think is required to match the ongoing investment of our key OECD competitors. We are the first part of the UK to commit to overcome historically lower UK investment, and seek to reach such internationally competitive levels.

The economic rationale for the National Infrastructure Mission was supported by a paper produced by Scottish Government analysts¹, which set out the important role that infrastructure investment plays in improving the productive capacity of the economy and delivering long-term economic benefits. Delivering our National Infrastructure Mission will be a critical component of Scotland's recovery from the economic harm arising from COVID-19.

The National Infrastructure Mission aims to ensure that investment is £1.5 billion higher in 2025-26, than the £5.2 billion invested in 2019-20. It runs through the full next Parliamentary term, and consequently our Capital Spending Review planning does the same. It has the potential to boost Scottish GDP by £10 - £25 billion over 15 years.

Sound Planning to Ensure Delivery

The Scottish Government commenced its planning for the National Infrastructure Mission promptly in 2018. Its evolution has recognised some key factors:

- the term 'National Infrastructure Mission' describes the overall programme of capital and revenue-financed investment. It uses a number of financial tools, each operating with their own limits
- planning investment to deliver economic value requires a culture change across Scotland to focus on its outcomes and benefits, rather than the amount spent
- the important role of the independent Infrastructure Commission in advising and shaping future strategic priorities and infrastructure choices
- portfolios might align their timing and approach when shaping new strategies, to ensure a coherent Scottish Government-wide Infrastructure Investment Plan
- whilst revenue finance can apply widely, the higher costs of *private* finance means the Mutual Investment Model of finance should be restricted to central government, including Agencies and NDPBs

The Scottish Government also made a commitment to Parliament during this term to increase annual investment in low carbon activity by at least 1% per annum. Annex A details the level and nature of such investment in this financial year, 2020-21.

In recognition of the climate emergency, declared by the First Minister, the Scottish Government announced, in February 2020, that it would also ring-fence £2 billion of new funding over the next Parliamentary term for new low carbon investment.

¹ <https://www.gov.scot/publications/exploring-economic-rationale-infrastructure-investment/>

Financial Planning Assumptions for the Capital Spending Review

Scottish Ministers have agreed some key financial planning assumptions to shape our Capital Spending Review.

To support our commitment to addressing climate change, and in recognition of the climate emergency, new funding is predominantly directed towards investment in emissions mitigation and adapting to the effects of climate change already underway. This can help ensure we shape a green economic recovery from the pandemic.

Our financial planning assumptions are:

- Level cash capital grant across Scottish Government as a whole, rolling forward Scottish Budget 2020-21 baselines* into future years to 2025-26
- Boosting total maintenance investment over the 5 year period within this limit, alongside future asset creation. Capital maintenance includes asset enhancement, ensuring asset compliance with regulatory requirements, major equipment and fleet
- At least preserving the £1.8 billion annual level of low carbon investment
- £2 billion new funding for low carbon schemes over the next Parliamentary term

*Baselines are as set out in the Budget introduced into Parliament, not including one-off sums added as part of the Budget agreement.

Stakeholder Expectations of the National Infrastructure Mission

Scottish Ministers have not yet placed in the public domain a detailed trajectory or plan to deliver the National Infrastructure Mission, which is now included in this document.

However, we are aware of the thoughts of others, most notably estimates published by Audit Scotland in 2020 in their report Privately Financed Infrastructure Investment – The Non-Profit Distributing Model (NPD) and Hub Models².

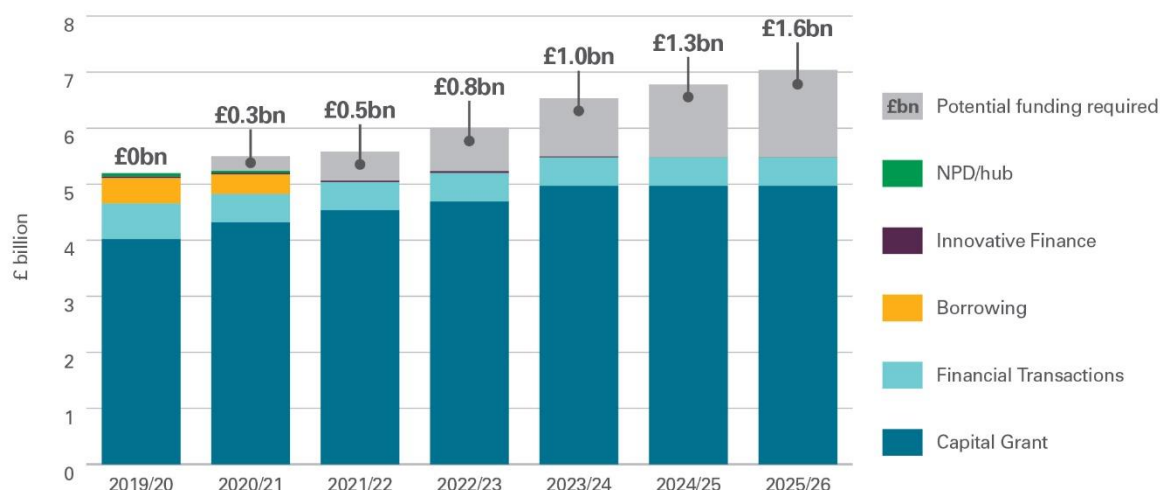
We include this credible external estimate for completeness, and note that Scottish Ministers have already invested, in 2020-21, at a considerably higher level than Audit Scotland had foreseen compared to the £5.2 billion 2019-20 baseline. Scottish Budget 2020-21 detailed £6.2 billion of investment, showing we had started to pull ahead of our own Mission.

² <https://www.audit-scotland.gov.uk/report/privately-financed-infrastructure-investment-the-non-profit-distributing-npd-and-hub-models>

The below diagram was published in the Audit Scotland report Privately Financed Infrastructure: The NPD and Hub Models, and is reproduced here with the permission of Audit Scotland.

Exhibit 9 The current trend in capital budgets, 2019/20 to 2025/26

The Scottish Government may need to use a variety of funding sources, potentially including private finance, to meet its target to increase investment in line with the National Infrastructure Mission.



Note: Our analysis uses the National Infrastructure Mission Baseline from the Scottish Government's 2019 Medium Term Financial Strategy (MTFS), based upon its modelled central scenarios until 2023/24 (and thereafter kept level). This provides projections of the capital grant and Financial Transactions funding, as well as expenditure on innovative financing schemes, over the seven-year period 2019/20 to 2025/26. In line with the MTFS, our analysis assumes no NPD/hub investment after 2020/21 and does not forecast the levels of capital borrowing after this point (current powers allow the Scottish Government to borrow up to £450 million each year). The Scottish Government committed in the MTFS to 'steadily increasing' infrastructure investment by £1.56 billion between 2019/20 and 2025/26 but goes into no further detail as to how this will be profiled or achieved. We have used the Scottish Government's baseline figures and then assumed that this increased investment will take place in equal annual increments of £0.26 billion of additional investment (year on year) between 2019/20 and 2025/26. This allows annual investment levels, and the additional funding that may be required to meet the National Infrastructure Mission's commitment, to be estimated. With no changes in the baseline projections, this will need to be funded through capital borrowing, MIM or by other means. Source: Audit Scotland

The National Infrastructure Mission – Funding and Finance

The table below shows how key components to deliver the National Infrastructure Mission come together. If a choice has had to be made, prudence has guided any decision, to ensure plans are realistic.

Components include assuming that the National Infrastructure Mission enables steady increases in annual investment towards the 2025-26 target level. We show the level cash capital grant planning assumption. We further indicate a proposed increasing trajectory for the new £2 billion investment in low carbon schemes.

Given the lack of certainty around Financial Transactions funding once the current English 'Right to Buy' Scheme ends in March 2023, we currently only plan for new UK FT allocations to the end of that financial year, deploying recycled receipts from prior Scottish schemes thereafter.

These figures also illustrate the sort of revenue finance level needed to meet the NIM trajectory. There are a range of such programmes in train or under preparation for the CSR period, such as the Learning Estate Investment Programme, the dualling of the A9, and investment in Green Growth Accelerators. Figures are estimates, and actual levels of investment may be higher.

Year. All figures (£m)	20-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total (5 years)
Level Cash capital allocation	5,204	5,204	5,204	5,204	5,204	5,204	26,020
New £2bn Low Carbon funding	-	200	300	400	500	600	2,000
Capital receipts or income (est.)	100	100	100	100	100	100	500
New FTs from UK Government	620	620	620	-	-	-	1,240
FTs recycled	272	200	160	140	140	140	780
Revenue Finance	47	50	200	750	1000	1000	3000
Total Investment	6,243	6,374	6,584	6,594	6,944	7,044	33,540
NIM required trajectory	6,243	6,346	6,448	6,551	6,653	6,756	32,754
Difference with NIM	-	+28	+136	+43	+291	+288	+786

The table shows that the plans set out in this Framework, using prudent assumptions, are more than sufficient for Scottish Ministers to deliver against the ambitious National Infrastructure Mission.

Our plans are realistic, and stakeholders can have confidence in them.

Risk to Scottish Financial Planning Assumptions from UK Funding Scenarios

The table below shows how the modelled UK funding scenarios compare with the Scottish Government level cash capital grant planning assumption plus £2 billion low carbon funding requirement. It gives an implied capital borrowing requirement (shown in red in brackets) or headroom figure (positive black number) in each scenario.

All figures £ million	2020-21	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Headroom over 5 years (2021-22 to 2025-6)
Outlook (Scenario 1)	4,866	5,616	5,917	6,252	6,476	6,476	
Outlook (Scenario 2)	4,866	5,018	5,174	5,333	5,499	5,499	
Outlook (Scenario 3)	4,866	4,969	5,074	5,180	5,277	5,277	
Budget 20-21 Allocation level cash	5,204	5,204	5,204	5,204	5,204	5,204	
£2bn low carbon		200	300	400	500	600	
Total capital r'qd		5,404	5,504	5,604	5,704	5,804	
Headroom (S 1)	(338)	212	413	648	772	672	2,717*
Headroom (S 2)	(338)	(483)	(429)	(376)	(317)	(417)	(2,022)
Headroom (S 3)	(338)	(532)	(528)	(527)	(524)	(624)	(2,735)

* grant may need to replace future Financial Transactions under this scenario in particular

Scottish Ministers can deploy capital borrowing to supplement grant, up to £450 million each year, within a £3 billion rolling total. Assuming all £450 million borrowing is deployed in 2020-21, £1,994 million will have been borrowed in total by the year end, with £1,006 million headroom remaining.

The table shows that scenario 1 is sufficient for Scottish plans. We call on the UK Government quickly to revert to its own March 2020 funding assumptions.

Scenario 2 would require deployment of over £2 billion of extra Scottish capital borrowing, which is some way higher than the total borrowing available. We call on the UK Government to permit Scottish Government the additional flexibilities we seek to ensure we can adapt to reduced UK future funding, below announced plans.

Scenario 3 would require almost as much capital borrowing again as Scotland's total capital borrowing limit, and require more in each year than Scottish Government is able to borrow annually. We call on the UK Government to at least deliver the real terms uplifts they have promised, or the fiscal flexibilities we continue to press for.

THE STRATEGIC CONTEXT

Although the Capital Spending Review and draft Infrastructure Investment Plan are closely linked, and most capital expenditure is on infrastructure, it is important to note that capital itself can support a wider range of activities. In particular, it can support research, creation of financial instruments such as debt or equity, or job creation and retention through investment in Scottish businesses, for example to boost innovation. Around 90% of our capital investment in 2020-21 was directed towards infrastructure.

This Capital Spending Review Framework is published alongside the draft Infrastructure Investment Plan 2021-22 to 2025-26³. The two closely align, with the Infrastructure Plan setting out the strategy, and the Capital Spending Review ensuring that priorities are fully funded or financed. They have both been prepared to support delivery of projects and programmes with improved outcomes and benefits within three themes:

- Enabling the transition to net zero emissions and environmental sustainability
- Driving inclusive economic growth
- Building resilient and sustainable places



As the draft Infrastructure Investment Plan sets out, we need to adjust the balance of investment in favour of renewing and extending the life of our existing infrastructure, both on environmental and value-for-money grounds. As such, the Capital Spending Review will target a material uplift in capital maintenance type investment, relative to current levels of investment, working towards doubling such annual investment over the next 5 years.

This Capital Spending Review will also address the significant near-term challenges presented by the COVID-19 pandemic, recognising the profound impact the virus has had on our whole way of life, and the role infrastructure has to play in helping businesses and communities to adapt and recover.

Alongside the harmful consequences of COVID-19, we have seen a number of positive shifts as people's lives have become more home-based, for example towards active travel or to make more use of digital services. Harnessing these changes will be key. The draft

³ <https://www.gov.scot/isbn/9781839607899>

Infrastructure Investment Plan highlights the challenges and opportunities that our capital investment can help address, summarising the shifts in investment we intend:

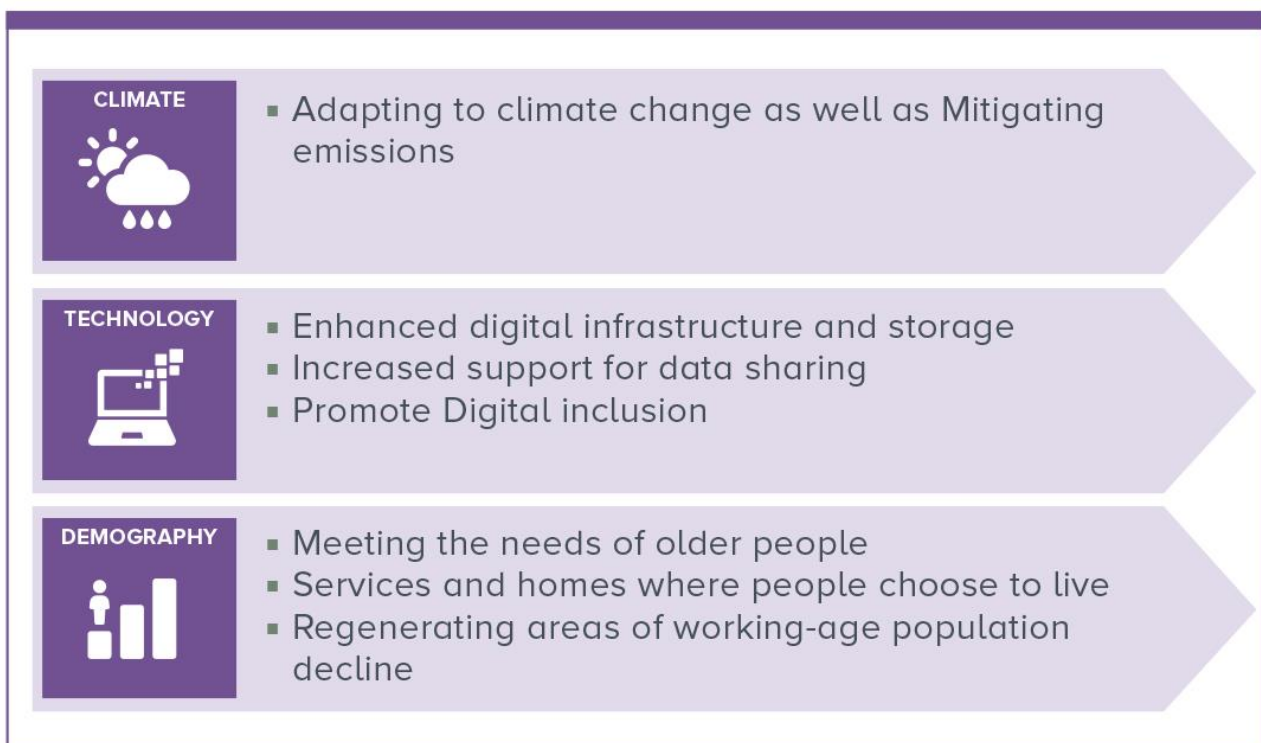
- Investing in digital connectivity to help businesses and users wherever they live and work, and accelerating digital service provision, reducing the need to travel
- Supporting safe active travel and local, accessible public services in vibrant places
- Supporting green and blue spaces to provide access to nature
- Supporting positive social change such as new approaches to rehabilitation and reduced homelessness
- Whilst not all is infrastructure, we will invest in job-creation to preserve and generate employment to support economic recovery

The Advisory Group on Economic Recovery considered how best Scotland might address the economic harm that has arisen from COVID-19. A key recommendation of the group called on Scottish Ministers to maintain the National Infrastructure Mission. We are delighted by this recognition of the value our approach can bring.

Recognising the long-term nature of infrastructure provision, and the need to future proof investment, the Capital Spending Review and Infrastructure Investment Plan also address key long-term trends, including:

- Tackling and managing climate change
- Accommodating technological developments
- Adapting to demographic change

These are described in more detail in the draft Infrastructure Investment Plan. Below is a summary of the key adjustments in our investment approach that will be required to respond well to these long-term trends:



In April 2019, the First Minister recognised we are facing a climate emergency. We need to invest in the required actions to reduce emissions to meet our ambitious net zero target level and to address the potential disruption we face from extreme weather events and the climate change already underway.

Recognising that emissions in 2025 need to be around 11 Mt CO₂e a year lower than our 2020 target level, we have announced an additional £2 billion capital investment over the course of the next Parliamentary term. Scottish Government investment can never be the whole answer to the climate emergency challenge, but can supplement action at international and UK level, by Councils, by businesses and service users.

We have already committed to those projects that form the initial £1.6 billion tranche of our new investment. Annex A gives full details, alongside the 2020-21 breakdown of £1.8 billion current low carbon investment, which has already been shared with Parliament. This annual investment level will be at least preserved, enabling our green economic recovery.

ENSURING FISCAL SUSTAINABILITY

Scottish Ministers are committed to ensuring that our financial planning is sound and sustainable. In this section we highlight the key factors underpinning the fiscal sustainability of our capital investment plans.

Just under 85% of the Scottish Government capital budget, including new Financial Transactions funding, flows from UK decisions and allocations. The remaining sums arise from income and receipts, deployment of Scottish capital borrowing powers, from innovative financial and revenue finance models, and from recycling repayments from earlier FT loans.

Consequently, there are some key risks to handle in conducting a Scottish Capital Spending Review ahead of certainty around future UK allocations in a Comprehensive Spending Review, principally:

- The risk that UK comprehensive spending review allocations are insufficient for, or higher than, the Scottish financial planning assumptions
- The risk that our planning assumptions, plus FTs and revenue finance, are insufficient to meet the required National Infrastructure Mission investment target that was committed to in 2018

It is important to be transparent around the nature of risks, and to have plans to mitigate them. Scottish Ministers will identify options to flex spend where allocations determined by the UK Government Comprehensive Spending Review differ from financial planning assumptions underpinning the Scottish Capital Spending Review.

These options include:

- Revisiting capital borrowing plans, to deploy the right amount whilst leaving sufficient headroom for later years
- Use of the Scotland Reserve to smooth profiles and spend between years
- Flexing the rate of increase in annual investment in capital maintenance. This includes asset enhancement, major equipment and fleet
- Accelerating or delaying commencement of agreed projects
- Potential to include additional new capital plans should more funding become available, or to use capital grant in place of some plans for revenue finance

Our Financial Planning Assumptions

Financial planning assumptions have an important role to play in helping us manage our multi-year investments and plans sustainably. They seek to provide guide-rails, or envelopes, to support sound financial planning and help portfolios consider the affordability and sequencing of their major projects and procurement plans.

As highlighted above, our financial planning assumptions for capital investment are:

- Level cash capital grant across Scottish Government as a whole, rolling forward Scottish Budget 2020-21 baselines* into future years to 2025-26
- Within this limit, boosting capital maintenance investment
- At least preserving the £1.8 billion current annual low carbon funding level
- £2 billion new funding for low carbon schemes over the next Parliamentary term

*Baselines are as set out in the Budget introduced into Parliament, not including one-off sums added as part of the Budget agreement.

Using Our Fiscal Powers

As set out in the Medium Term Financial Strategy 2019, the following principles guide decisions by Scottish Ministers on the use of our fiscal powers:

- **Sustainability** – Sovereign countries generally seek to achieve this by having a broadly balanced budget position over the economic cycle. Under the current constitutional setting, the Scottish Government is constrained to a stricter standard of achieving a balanced budget annually, with only limited ability to borrow and use a reserve. Within such limited powers, we aim to achieve:
 - **Stability** – ensuring steady funding and expenditure trajectories
 - **Budget flexibility** – including the ability to respond to unforeseen events
- **Intergenerational fairness** – ensuring future taxpayers only bear the cost of spending that benefits them
- **Value for money** – Borrowing and other sources of revenue-finance investment will achieve value for money for the taxpayer
- **Transparency** – The Scottish Government will set out clearly its planned and actual use of these powers

Our Published Capital Borrowing Policy

Capital grant forms the majority of capital investment by the Scottish Government. In addition to the capital block grant, the Scottish Government can increase capital expenditure through borrowing up to £450 million per year up to a maximum total of £3 billion. While these powers enable the Scottish Government to support the capital investment programme and promote economic growth in Scotland, there are limitations to their use:

- Capital borrowing from the National Loans Fund is a lower-cost alternative to privately financed investment
- The term structure of borrowing will be chosen to strike the right balance between flexibility (requiring shorter term lengths), value for money (requiring shorter term lengths), stability (suggesting longer term lengths) and intergenerational fairness (term length corresponds to asset life). The decision on term will be taken at an appropriate time in each year, dependent on factors prevailing at the time such as interest rates and impact on the resource budget
- A contingency reserve of £300 million of the capital borrowing limit will be left unused, to provide the flexibility to undertake capital borrowing if an unforeseen need arises to stabilise the spending trajectory
- Over the period of the next Parliamentary term, our policy is to borrow between £250 million and £450 million annually to ensure sufficient investment to support economic growth, and deliver the National Infrastructure Mission

The Scotland Reserve - Capital

The Scotland Reserve allows the Scottish Government to smooth spending within and between years. The Reserve is capped in aggregate at £700 million, or only around 1.4% of the nearly £50 billion total Scottish Budget in 2020-21. Annual drawdowns from the Reserve are limited to £100 million for capital. This severely restricts the Scottish Government's ability to build up a medium-term reserve and draw down from it.

The plans detailed above to deliver our National Infrastructure Mission do not assume additional funds are drawn down in any year from the Scotland Reserve. In practice, decisions are taken at an appropriate time in the year, for example, to assist with any major projects that might have faced delays due to poor winter weather conditions.

The Cost of our Existing Policies and Major Projects

Due to the multi-year nature of infrastructure project planning and delivery, we require to review the proportion of future years' budgets already committed to concluding those major projects underway.

In 2021-22 the investment required to complete major projects already commenced, whose progress is reported twice annually to the Parliamentary Audit and Post Legislative Scrutiny Committee, accounts for around 20% of the available capital budget (using the 2020-21 budget as the baseline). Once required match-funding for European Union schemes, and the impact of our commitment to at least protect current levels of low carbon investment are added, that suggests over 50% of the assumed envelope is either committed or constrained in terms of ability to allocate to new activity. Although that figure is estimated to fall-back a little as existing projects conclude, by 2025-26 it is expected to be over 40% of our total capital budget.

Remaining funds cover other statutory or contractually committed spend, new and continuing programmes, new projects and maintenance. Initial estimates suggest that, in the 2020-21 baseline year, maintenance investment was around £450 million, or 9% of the total capital grant budget. As such, the flexibility to fund entirely new investment through the next 5 years will be considerably lower than the overall assumed envelope would suggest.

Revenue-Financed Investment

The Scottish Government uses revenue finance to deliver additional high-value infrastructure projects, which could not be delivered with capital grant alone. Such infrastructure projects are financed through annual payments or increased tax revenue, typically over a 25- to 30-year period.

The affordability and sustainability of all Scottish Government long-term revenue commitments, including repayment of debt stock, are assessed as part of the Budget process. Annual costs of revenue finance commitments are managed within a maximum of five per cent of the *resource* Budget available (excluding social security).

In 2019, the Scottish Futures Trust compiled a report⁴ considering the options for future deployment of private finance in Scotland. Of the available choices, it recommended adoption of the Mutual Investment Model, a variant of a Welsh approach.

In the 2019 Medium Term Financial Strategy, we accepted this recommendation and confirmed, in recognition of the costs, MIM would be reserved for schemes delivered by the Scottish Government itself, its agencies or related bodies.

As identified by the Scottish Futures Trust, MIM is most suitable for a pipeline of similar projects or schemes, each of which has a capital asset value of more than £20 million. The market is aware that the deployment of MIM for remaining stages of the A9 is being explored and developed.

An outcomes-based model of revenue finance has also been developed for working with Councils to deliver the Learning Estate Investment Programme. Similarly, outcomes finance aims to be utilised for Green Growth Accelerators.

⁴ Scottish Futures Trust: *An options appraisal to examine profit sharing finance schemes, such as the Welsh Mutual Investment Model, to secure investment for the National Infrastructure Mission and best value for tax payers*, 30 April 2019

INVESTING IN LOW CARBON SCHEMES

The first £1.6 billion tranche of our commitment to invest £2 billion in new low carbon schemes through the next Parliamentary term, has already been announced. The component elements are:

Portfolio	Project / Programme	5-year capital
		£m
EFWC/RET	Green Jobs Fund – to support jobs and Green Recovery	100
TIC/CLG	Decarbonising Heat in Buildings – mix of Community Energy & Technology Investment Programme	425
TIC	Public Sector Estate Energy Efficiency – investment to decarbonise the public sector estate	95
CLG	Fuel Poverty – additional delivery of low carbon heat measures to reduce fuel poverty.	55
EFWC	Mission Clyde Heat Decarbonisation Programme – Low/Zero carbon District Heating network(s) for residential and commercial premises along the river	25
TIC	Scottish Industrial Energy Transformation Fund (IETF) – support the industrial manufacturing sector’s transition to net zero	34
EFWC	Manufacturing Low Carbon Infrastructure Challenge Fund – to support manufacturing innovation in low carbon technology, processes and infrastructure	26
ECCLR	RBGE Edinburgh Biomes – to improve carbon management and environmental public engagement.	50
RET	Newton Nursery Redevelopment – new facilities to support higher production to aid woodland creation	20
RET	Woodland and Forestry – Increased new planting, and forestry land	130
ECCLR	Natural Resources: Flood Risk Management – increased investment in new flood protection & natural flood management schemes	130
ECCLR	Help for Waste sector to meet Climate Change Plan commitments – including Local Authority recycling improvements, acceleration of landfill gas capture, and improving data through electronic waste tracking.	65
TIC	Bus Priority Infrastructure – funding to Councils, in partnership with bus operators, to provide infrastructure on local roads, giving buses priority.	445
	Total	1,600

The Scottish Government has used low, neutral and high carbon categories (known as a taxonomy approach), as shown in the table below, to analyse planned infrastructure spend for individual years.

The categorisation was developed and proposed by the Low Carbon Infrastructure Taskforce in 2015⁵.

Category	Description	Examples
Low Carbon	Seen as necessary to the low carbon transition	Transport – bus, rail and ferry Energy – all renewable generation and electricity transmission and distribution Rural affairs and the environment – waste Housing – energy efficiency programmes
Neutral	Do not represent substantial carbon efficiency gains in their own right but are consistent with low carbon ambitions	Rural affairs and the environment – all non-waste Housing – all non-energy efficiency Water, Digital, Health, Schools, Justice Culture and heritage Regeneration
High Carbon	Relatively carbon intensive	Transport – roads and airports Energy – fossil fuel generation

The breakdown of investment set out below uses this taxonomy.

⁵ https://issuu.com/greenallianceuk/docs/the_case_for_low_carbon_infrastruct

Budget 2020-21: line-by-Line Analysis of Categories of Low/ Neutral/ or High Carbon investment

Portfolio	Budget Line (Level 4)	19/20		20/21		19/20			20/21		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
CLG	Housing Supply & Infrastructure	573.8	0.0	615.0	0.0	0.0	573.8	0.0	0.0	615.0	0.0
CLG	Housing Supply - Financial Transactions (Expenditure)	0.0	239.6	0.0	346.5	0.0	239.6	0.0	0.0	346.5	0.0
CLG	Housing Supply - Financial Transactions (Income)	0.0	-8.1	0.0	-50.0	0.0	-8.1	0.0	0.0	-50.0	0.0
CLG	Housing Supply - Income	-30.0	0.0	-28.5	0.0	0.0	-30.0	0.0	0.0	-28.5	0.0
CLG	Fuel Poverty/Energy Efficiency	74.0	0.0	82.0	0.0	74.0	0.0	0.0	82.0	0.0	0.0
CLG	Fuel Poverty/Energy Efficiency Financial Transactions (Expenditure)	0.0	31.3	0.0	40.0	31.3	0.0	0.0	40.0	0.0	0.0
CLG	Fuel Poverty/Energy Efficiency Financial Transactions (Income)	0.0	-1.3	0.0	0.0	-1.3	0.0	0.0	0.0	0.0	0.0
CLG	Housing Support and Homelessness	10.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0	10.0	0.0
CLG	Regeneration Programmes	25.0	0.0	30.0	0.0	0.0	25.0	0.0	0.0	30.0	0.0
CLG	Third Sector - Credit Union Fund	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	2.0	0.0
CLG	Planning - ePlanning	0.5	0.0	2.0	0.0	0.0	0.5	0.0	0.0	2.0	0.0
CLG - Total		653.3	261.5	710.5	338.5	104.0	810.8	0.0	122.0	927.0	0.0
LG	General Capital Grant	704.0	0.0	467.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LG	Specific Capital Grants	380.0	0.0	295.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LG - Total		1084.0	0.0	763.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CTEA	Cultural Project Financial Transactions (FTs) (Expenditure)	0.0	1.9	0.0	1.5	0.0	1.9	0.0	0.0	1.5	0.0
CTEA	Cultural Project Financial Transactions (FTs) (Income)	0.0	-0.4	0.0	-0.4	0.0	-0.4	0.0	0.0	-0.4	0.0
CTEA	NMS Capital (National Museums of Scotland)	1.1	0.0	2.0	0.0	0.0	1.1	0.0	0.0	2.0	0.0
CTEA	NGS Capital (National Galleries of Scotland)	5.7	0.0	5.2	0.0	0.0	5.7	0.0	0.0	5.2	0.0

Portfolio	Budget Line (Level 4)	19/20		20/21		19/20			20/21		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
CTEA	NLS Capital (National Library of Scotland)	1.8	0.0	1.8	0.0	0.0	1.8	0.0	0.0	1.8	0.0
CTEA	Non National Museums	0.3	0.0	0.3	0.0	0.0	0.3	0.0	0.0	0.3	0.0
CTEA	Other Cultural Capital	3.3	0.0	3.7	0.0	0.0	3.3	0.0	0.0	3.7	0.0
CTEA	VisitScotland (Capital)	3.0	0.0	5.3	0.0	0.0	3.0	0.0	0.0	5.3	0.0
CTEA	Tourism special projects	0.9	0.0	1.3	0.0	0.0	0.9	0.0	0.0	1.3	0.0
CTEA	HES Direct Capital (Historic Environment Scotland)	6.0	0.0	6.0	0.0	0.0	6.0	0.0	0.0	6.0	0.0
CTEA	Capital Expenditure - National Records of Scotland	3.0	0.0	3.0	0.0	0.0	3.0	0.0	0.0	3.0	0.0
CTEA - Total		25.0	1.5	28.5	1.1	0.0	26.5	0.0	0.0	29.6	0.0
ECCLR	Programmes of Research – Capital	10.3	0.0	31.3	0.0	0.0	10.3	0.0	0.0	31.3	0.0
ECCLR	RBGE Capital (Royal Botanic Garden Edinburgh)	2.8	0.0	2.8	0.0	0.0	2.8	0.0	0.0	2.8	0.0
ECCLR	Marine Scotland	1.0	0.0	3.0	0.0	0.0	1.0	0.0	0.0	3.0	0.0
ECCLR	SNH Capital (Scottish Natural Heritage)	1.0	0.0	1.0	0.0	0.0	1.0	0.0	0.0	1.0	0.0
ECCLR	LL&TT NPA Capital (Loch Lomond and The Trossachs National Park Authority) ¹	1.2	0.0	1.2	0.0	0.0	1.2	0.0	0.0	1.2	0.0
ECCLR	Cairngorms National Park Authority Capital ¹	0.2	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.2	0.0
ECCLR	Natural Resources	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0
ECCLR	SEPA Capital Expenditure	2.0	0.0	2.0	0.0	0.0	2.0	0.0	0.0	2.0	0.0
ECCLR	Zero Waste - Financial Transactions (Income)	0.0	0.0	0.0	-4.0	0.0	0.0	0.0	0.0	-4.0	0.0
ECCLR	Air Quality Capital Grant	1.0	0.0	1.0	0.0	0.0	1.0	0.0	0.0	1.0	0.0
ECCLR	Land Reform	10.5	0.0	10.5	0.0	0.0	10.5	0.0	0.0	10.5	0.0
ECCLR	Sustainable Action Fund	0.0	0.0	4.0	0.0	0.0	0.0	0.0	0.0	4.0	0.0
ECCLR	Voted Loans - Scottish Water	215.0	0.0	215.0	0.0	0.0	215.0	0.0	0.0	215.0	0.0
ECCLR - Total		245.0	0.0	274.0	-4.0	0.0	245.0	0.0	0.0	270.0	0.0
ES	Other - Education Scotland	0.0	0.0	2.8	0.0	0.0	0.0	0.0	0.0	2.8	0.0

Portfolio	Budget Line (Level 4)	19/20		20/21		19/20			20/21		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
ES	Gaelic Indirect Capital	2.0	0.0	3.0	0.0	0.0	2.0	0.0	0.0	3.0	0.0
ES	Scottish Qualifications Authority - Capital	1.2	0.0	2.5	0.0	0.0	1.2	0.0	0.0	2.5	0.0
ES	Jordanhill School Indirect Capital	0.2	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.2	0.0
ES	Grant Aided Special Schools Indirect Capital	0.2	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.2	0.0
ES	SCRA - Indirect Capital (Scottish Children's Reporter Administration)	2.9	0.0	1.4	0.0	0.0	2.9	0.0	0.0	1.4	0.0
ES	Disclosure Scotland Operational Costs	1.0	0.0	5.6	0.0	0.0	1.0	0.0	0.0	5.6	0.0
ES	College Capital Expenditure	49.6	0.0	37.4	0.0	0.0	49.6	0.0	0.0	37.4	0.0
ES	College Capital Receipts	-2.0	0.0	-1.7	0.0	0.0	-2.0	0.0	0.0	-1.7	0.0
ES	Higher Education Capital	37.5	0.0	342.2	0.0	0.0	37.5	0.0	0.0	342.2	0.0
ES	Higher Education Financial Transactions (Expenditure) ²	0.0	59.9	0.0	61.0	30.0	30.0	0.0	30.5	30.5	0.0
ES	Higher Education Financial Transactions (Income) ²	0.0	-4.4	0.0	-6.0	-2.2	-2.2	0.0	-3.0	-3.0	0.0
ES	Student Awards Agency for Scotland - Operating Costs - Capital	1.9	0.0	1.9	0.0	0.0	1.9	0.0	0.0	1.9	0.0
ES - Total		94.5	55.5	395.5	55.0	27.8	122.3	0.0	27.5	423.0	0.0
FEFW	Employability-Fair Start Scotland	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
FEFW	Scottish Enterprise (capital)	42.0	0.0	42.0	0.0	0.0	42.0	0.0	0.0	42.0	0.0
FEFW	Scottish Enterprise FTs (Expenditure)	0.0	69.9	0.0	48.5	0.0	69.9	0.0	0.0	48.5	0.0
FEFW	Scottish Enterprise FTs (Income)	0.0	-1.4	0.0	-9.9	0.0	-1.4	0.0	0.0	-9.9	0.0
FEFW	Enterprise Zones	7.5	0.0	23.7	0.0	0.0	7.5	0.0	0.0	23.7	0.0
FEFW	Innovation and Industries	15.0	0.0	15.0	0.0	0.0	15.0	0.0	0.0	15.0	0.0
FEFW	Digital Growth Fund FTs (Expenditure)	0.0	12.0	0.0	12.0	0.0	12.0	0.0	0.0	12.0	0.0
FEFW	Digital Growth Fund FTs (Income)	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	0.0	-0.4	0.0
FEFW	Scottish National Investment Bank FTs (Expenditure)	0.0	120.0	0.0	220.0	0.0	120.0	0.0	0.0	220.0	0.0
FEFW	Innovation and Industries FTs (Expenditure)	0.0	65.0	0.0	50.0	0.0	65.0	0.0	0.0	50.0	0.0
FEFW	Innovation and Industries FTs (Income)	0.0	0.0	0.0	-10.0	0.0	0.0	0.0	0.0	-10.0	0.0
FEFW	Accountant in Bankruptcy Capital	0.8	0.0	0.8	0.0	0.0	0.8	0.0	0.0	0.8	0.0

Portfolio	Budget Line (Level 4)	19/20		20/21		19/20			20/21		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
FEFW	Capital / IT provision - Scottish Public Pensions Agency	4.0	0.0	1.8	0.0	0.0	4.0	0.0	0.0	1.8	0.0
FEFW	Capital/ IT provision - Revenue Scotland	1.4	0.0	0.5	0.0	0.0	1.4	0.0	0.0	0.5	0.0
FEFW	Capital / IT provision - Registers of Scotland	0.0	0.0	4.0	0.0	0.0	0.0	0.0	0.0	4.0	0.0
FEFW	Scottish Government Capital Projects	17.2	0.0	17.2	0.0	0.0	17.2	0.0	0.0	17.2	0.0
FEFW - Total		88.2	265.5	105.0	310.2	0.0	353.7	0.0	0.0	415.2	0.0
HS	NHS & Special Health Boards Capital Investment	356.0	0.0	448.0	0.0	0.0	356.0	0.0	0.0	448.0	0.0
HS	Health Capital Receipts	-20.0	0.0	-20.0	0.0	0.0	-20.0	0.0	0.0	-20.0	0.0
HS	Health Financial Transactions (Expenditure)	0.0	10.0	0.0	10.0	0.0	10.0	0.0	0.0	10.0	0.0
HS - Total		336.0	10.0	428.0	10.0	0.0	346.0	0.0	0.0	438.0	0.0
Justice	Administration - Legal Aid	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.1	0.0
Justice	Capital - Scottish Police Authority	35.0	0.0	40.0	0.0	0.0	35.0	0.0	5.0	35.0	0.0
Justice	Capital - Scottish Fire and Rescue Service	32.5	0.0	32.5	0.0	0.0	32.5	0.0	0.0	32.5	0.0
Justice	Police Reform and Change	4.6	0.0	4.6	0.0	0.0	4.6	0.0	0.0	4.6	0.0
Justice	Capital Expenditure - Scottish Prison Services	47.5	0.0	67.8	0.0	0.0	47.5	0.0	0.0	67.8	0.0
Justice	Support for Victims and Witnesses	2.0	0.0	2.0	0.0	0.0	2.0	0.0	0.0	2.0	0.0
Justice	Criminal Justice Digital Reform	4.0	0.0	3.0	0.0	0.0	4.0	0.0	0.0	3.0	0.0
Justice	Capital - Scottish Courts and Tribunals Service	18.3	0.0	8.0	0.0	0.0	18.3	0.0	0.0	8.0	0.0
Justice - Total		144.0	0.0	158.0	0.0	0.0	144.0	0.0	5.0	153.0	0.0
RE	Agricultural Transformation Fund	0.0	0.0	20.0	20.0	0.0	0.0	0.0	40.0	0.0	0.0
RE	Business Development Capital	13.8	0.0	12.6	0.0	0.0	13.8	0.0	0.0	12.6	0.0
RE	Business Development - Financial Transactions (Expenditure)	0.0	4.0	0.0	0.0	0.0	4.0	0.0	0.0	0.0	0.0

Portfolio	Budget Line (Level 4)	19/20		20/21		19/20			20/21		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
RE	Business Development - Financial Transactions (Income)	0.0	0.0	0.0	190.3	0.0	0.0	0.0	0.0	-190.3	0.0
RE	Agri Environmental Measures Capital Leader	17.1	0.0	14.1	0.0	0.0	17.1	0.0	0.0	14.1	0.0
RE	Crofting Building Grants & Loans Scheme Income	2.2	0.0	8.9	0.0	0.0	2.2	0.0	0.0	8.9	0.0
RE	Crofting Building Grants & Loans Scheme Costs	-0.9	0.0	-0.9	0.0	0.0	-0.9	0.0	0.0	-0.9	0.0
RE	Capital - ARE Operations	1.9	0.0	1.9	0.0	0.0	1.9	0.0	0.0	1.9	0.0
RE	Capital Receipts - ARE Operations	11.3	0.0	10.3	0.0	0.0	11.3	0.0	0.0	10.3	0.0
RE	Other EU Income	-0.5	0.0	-0.5	0.0	0.0	-0.5	0.0	0.0	-0.5	0.0
RE	EU Fisheries Grants Capital	-17.8	0.0	-18.3	0.0	0.0	-17.8	0.0	0.0	-18.3	0.0
RE	Fisheries Harbour Grants	9.6	0.0	9.6	0.0	0.0	9.6	0.0	0.0	9.6	0.0
RE	Marine EU Income	1.0	0.0	1.0	0.0	0.0	1.0	0.0	0.0	1.0	0.0
RE	Woodland Grants	-6.2	0.0	-6.2	0.0	0.0	-6.2	0.0	0.0	-6.2	0.0
RE	EC Receipts - Scottish Forestry	0.0	0.0	37.0	3.0	0.0	0.0	0.0	40.0	0.0	0.0
RE	Capital - Forestry and Land Scotland	0.0	0.0	-17.5	0.0	0.0	0.0	0.0	-17.5	0.0	0.0
RE	Highlands and Islands Enterprise (capital)	1.6	0.0	3.6	0.0	1.6	0.0	0.0	3.6	0.0	0.0
RE	Highlands and Islands Enterprise FTs (Expenditure)	25.5	0.0	25.5	0.0	0.0	25.5	0.0	0.0	25.5	0.0
RE	South of Scotland Agency	0.0	1.0	0.0	2.0	0.0	1.0	0.0	0.0	2.0	0.0
RE		8.4	0.0	8.4	5.0	0.0	8.4	0.0	0.0	13.4	0.0
RE - Total		67.0	5.0	109.5	160.3	1.6	70.4	0.0	66.1	-116.9	0.0
SSOP	Social Security Advice, Policy and Programme	10.0	0.0	60.0	0.0	0.0	10.0	0.0	0.0	60.0	0.0
	Funeral Support Payment (formerly Funeral Expense Assistance)	0.0	0.0	0.0	9.2	0.0	0.0	0.0	0.0	9.2	0.0
SSOP - Total		10.0	0.0	60.0	9.2	0.0	10.0	0.0	0.0	69.2	0.0
TIC	Connectivity - Capital (Digital)	28.2	0.0	58.7	0.0	0.0	28.2	0.0	0.0	58.7	0.0

Portfolio	Budget Line (Level 4)	19/20		20/21		19/20			20/21		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
	Highlands and Islands Airports Ltd – Capital Grant	16.1	0.0	36.8	0.0	0.0	0.0	16.1	0.0	0.0	36.8
	Prestwick Airport	7.4	0.0	0.0	0.0	0.0	0.0	7.4	0.0	0.0	0.0
	Smartcard Programme	3.2	0.0	2.8	0.0	0.0	3.2	0.0	0.0	2.8	0.0
	Support for Bus Services	3.0	0.0	0.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0
	Clyde and Hebrides Ferry Services	0.0	0.0	18.1	0.0	0.0	0.0	0.0	18.1	0.0	0.0
	Northern Isles Ferry Services	0.0	0.0	3.8	0.0	0.0	0.0	0.0	3.8	0.0	0.0
	Piers and Harbours Grants	47.9	0.0	29.3	0.0	47.9	0.0	0.0	29.3	0.0	0.0
	CMAL - Voted Loans	14.2	0.0	33.8	0.0	14.2	0.0	0.0	33.8	0.0	0.0
	CMAL – Capital Receipts	-7.1	0.0	-7.1	0.0	-7.1	0.0	0.0	-7.1	0.0	0.0
	Structural Repairs - Motorway and Trunk Roads	44.7	0.0	45.7	0.0	0.0	0.0	44.7	0.0	0.0	45.7
	Network Strengthening - Motorway and Trunk Roads	70.9	0.0	77.5	0.0	0.0	0.0	70.9	0.0	0.0	77.5
	Roads Improvements - Motorway and Trunk Roads	58.7	0.0	46.1	0.0	24.0	0.0	34.7	4.5	0.0	41.6
	Capital Land and Works - Motorway and Trunk Roads	212.1	0.0	179.8	0.0	0.0	0.0	212.1	0.0	0.0	179.8
	Queensferry Crossing	8.1	0.0	2.4	0.0	0.0	0.0	8.1	0.0	0.0	2.4
	Tay Road Bridge Capital Grant	0.4	0.0	4.2	0.0	0.0	0.0	0.4	0.0	0.0	4.2
	Forth Road Bridge Capital Maintenance	14.3	0.0	26.4	0.0	0.0	0.0	14.3	0.0	0.0	26.4
	Scottish Canals – capital	6.5	0.0	12.2	0.0	6.5	0.0	0.0	12.2	0.0	0.0
	Support for Sustainable and Active Travel - capital	55.4	0.0	59.4	0.0	55.4	0.0	0.0	59.4	0.0	0.0
	Support for Sustainable and Active Travel - FTs (Expenditure)	0.0	10.5	0.0	35.0	10.5	0.0	0.0	35.0	0.0	0.0
	Support for Sustainable and Active Travel - FTs (Income)	0.0	-0.5	0.0	-0.5	-0.5	0.0	0.0	-0.5	0.0	0.0
	Future Transport Fund	60.3	0.0	83.3	0.0	55.3	5.0	0.0	78.3	5.0	0.0
	Travel Strategy and Innovation	0.0	0.0	55.1	0.0	0.0	0.0	0.0	55.1	0.0	0.0
	Rail Franchise	267.0	0.0	282.0	0.0	267.0	0.0	0.0	282.0	0.0	0.0
	Rail Infrastructure	362.0	0.0	529.0	0.0	362.0	0.0	0.0	529.0	0.0	0.0

Portfolio	Budget Line (Level 4)	19/20		20/21		19/20			20/21		
		CDEL	FTs	CDEL	FTs	Low	Neutral	High	Low	Neutral	High
	Major Public Transport Projects - Rail Services	207.0	0.0	207.0	0.0	207.0	0.0	0.0	207.0	0.0	0.0
	Energy Efficiency & Policy Implementation	15.0	0.0	22.4	0.0	15.0	0.0	0.0	22.4	0.0	0.0
	Renewable and Community Energy	13.0	0.0	32.0	0.0	13.0	0.0	0.0	32.0	0.0	0.0
	Low Carbon Economy	10.0	0.0	47.0	0.0	10.0	0.0	0.0	47.0	0.0	0.0
	Energy Industries	12.0	0.0	28.0	0.0	12.0	0.0	0.0	28.0	0.0	0.0
	Financial Transactions (Expenditure)	0.0	27.1	0.0	26.5	27.1	0.0	0.0	26.5	0.0	0.0
	Financial Transactions (Income)	0.0	-0.6	0.0	-0.6	-0.6	0.0	0.0	-0.6	0.0	0.0
	Cities Investment & Strategy	187.8	0.0	201.0	0.0	0.0	187.8	0.0	0.0	201.0	0.0
	Ferguson Marine	0.0	0.0	49.6	0.0	0.0	0.0	0.0	49.6	0.0	0.0
TIC - Total		1718.0	36.5	2166.1	60.4	1121.7	224.2	408.6	1544.6	267.5	414.4
COPFS		3.6	0.0	4.3	0.0	0.0	3.6	0.0	0.0	4.3	0.0
COPFS - Total		3.6	0.0	4.3	0.0	0.0	3.6	0.0	0.0	4.3	0.0
Parliament		1.5	0.0	1.1	0.0	0.0	1.5	0.0	0.0	1.1	0.0
Parliament - Total		1.5	0.0	1.1	0.0	0.0	1.5	0.0	0.0	1.1	0.0
TOTAL		4470.1	635.5	5203.5	620.0	1255.0	2358.0	408.6	1765.2	2881.0	414.4



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