

Infrastructure Investment Plan Progress Report 2015



Contents

Foreword	1
Sector Reports	
Transport	4
Digital	6
Energy	8
Water	11
Rural Affairs and the Environment	13
Health	15
Scotland's Schools for the Future	16
Further and Higher Education	17
Culture and Heritage	18
Housing	19
Regeneration	22
Justice	24

March 2016



Foreword

Public sector investment enhances the economic performance of Scotland. It develops the long-term enablers of growth such as transport, communications, schools and hospitals, and has a vital role in supporting wider strategic objectives, such as improving labour participation and quality of life.

We were delighted to publish an updated Infrastructure Investment Plan in December 2015 which outlines why we need to invest, how we will invest and what strategic, large-scale investments we intend to take forward within each sector over the next 10 to 20 years.

This annual progress report outlines key achievements over the course of 2015 and looks forward to developments in 2016 and beyond.

We have been taking decisive action to secure an investment-led recovery. Despite Westminster's claim that capital spending has increased, Scotland's capital Budget in 2019-20 will be £600 million (17%) lower in real terms than it was in 2010-11. The Scottish Government intends to maximise investment through a combination of our capital budget, capital borrowing powers, revenue funded investment through the Non Profit Distributing (NPD) programme, rail Regulatory Asset Base (RAB) funding and capital receipts. It is estimated that our planned investment in 2015-16 and 2016-17 will support over 30,000 full time equivalent Scottish jobs in the wider economy in these years, including the indirect jobs in the supply chain.

Significant progress continues to be made in delivering our Infrastructure Investment Plan, as demonstrated by this report on projects that have been delivered and our updated pipeline of activity to be undertaken this year and beyond.

During 2015 projects totalling over £1.5 billion completed construction and are now operational. These include:

Transport

- Borders Rail (£353 million)
- A82 Pulpit Rock road improvement (£9.2 million)
- Ullapool - Stornoway Ferry (£41.8 million)

Health

- The Queen Elizabeth University Hospital and Royal Hospital for Children (£842 million)
- NHS Lanarkshire, NHS Shetland and NHS Western Isles - Primary Care Health Centres at East Kilbride, Kilsyth, Wishaw, Harris and Scalloway (£56.2 million)
- NHS Tayside - Reprovision of Adolescent Mental Health Inpatient Service (£8 million)

Scotland's Schools for the Future

- Garrowhill Primary School, Glasgow City Council (£12.1 million)
- Brimmond Primary School, Aberdeen City (£12.4 million)
- Ellon Academy, Aberdeenshire (£35.4 million)

- Alford Academy, Aberdeenshire (£26.1 million)
- Lairdsland Primary School, East Dunbartonshire (£7.3 million)
- Lennox Primary School (formerly Ladyton and Highdykes Primary Schools), West Dunbartonshire (£3.4 million)
- St Ronan's Primary School, West Dunbartonshire (£2.2 million)
- Inverness Campus (£23.5 million)
- Inverness College (£52.2 million)

Particular highlights from the different sectors in this report include in:

- **transport;** the Borders Rail was completed on time and budget, opening to passengers in September 2015. Work was completed on A82 Pulpit Rock and has commenced on A9 Kincraig to Dalraddy. Preparation is also well underway on dualling the A9 and the A96.
- **digital;** investment of over £410 million by the Scottish Government and its partners in the Digital Scotland Superfast Broadband programme (DSSB), extending fibre broadband infrastructure into non-commercial areas is making good progress. The initial coverage target was to have 85% of premises in Scotland able to access fibre broadband by March 2016 was achieved six months ahead of schedule and we are well on track to hit our overall target of 95% coverage by end 2017.
- **energy and renewables;** £45 million has been invested to date by the Renewable Energy Investment Fund (REIF) (managed by the Scottish Investment Bank within Scottish Enterprise) which prioritises investment in community renewables and marine energy.
- **water;** Scottish Water reported for the financial year 2014-15, that it had invested £470 million and in doing so had made a further contribution towards a number of the Government's key strategic objectives. This investment enabled it to: deliver better services to customers; improve drinking water quality; provide additional capacity to meet the demands of new housing; reduce leakage; and protect Scotland's environment.
- **health;** Queen Elizabeth University Hospital and Royal Hospital for Children (£842 million) – the world-class new hospitals were officially opened in July 2015 after being completed on-time and on-budget. A number of new community facilities were also opened in 2015.
- **education;** twenty four schools (fifteen primary schools, one Additional Support Needs school and eight secondary schools) have completed construction since inception of Scotland's Schools for the Future Programme, benefitting over 13,000 pupils. In the college sector, Inverness College was opened in November and the Riverside Campus, part of the £228 million City of Glasgow College 'supercampus', was officially opened by the First Minister in October 2015. Good progress continues to be made with the remainder of the City of Glasgow Campus, which is due to be completed in the summer of 2016.
- **housing;** we have exceeded our target to deliver 30,000 affordable homes over the

lifetime of this Parliament and have set a target to deliver more than 50,000 homes over the lifetime of the next Parliament.

- **regeneration**; over £372 million has been directly invested in regeneration activity up to 2015-16, the Scottish Partnership for Regeneration in Urban Centres (SPRUCE) £50 million Joint European Support for Sustainable Investment in City Areas (JESSICA) Loan fund has been fully invested in 7 projects at the end of 2015, and to date the Regeneration Capital Grant Fund has funded 40 projects.
- **justice**; the Family Centre and Help Hub at HM Prison & Young Offenders Institution Grampian was opened in June 2015.

This report outlines the progress that has been made in 2015, sector by sector. The Infrastructure Investment Plan 2015 provided a progress update on individual projects with a capital value over £20 million that have moved beyond Outline Business Case stage in relation to agreed cost and time parameters and local economic benefits.

In addition, an update is also provided below in relation to the pipeline of investment in major capital projects over £20 million, including additional information on schools and health projects being delivered through the hub initiative.

Our aim is to give the market and other interested stakeholders a clear overview of our long-term investment plans. We will continue to update these regularly on our website.

We look forward to continuing to work with the private sector, local government, and all our stakeholders to ensure that collectively we maximise the benefits of infrastructure investment to the people of Scotland.

Keith Brown MSP
Cabinet Secretary for Infrastructure, Investment and Cities

TRANSPORT

A9 Dualling Perth to Inverness: Development work underway with the route options assessment work nearing completion. A public local inquiry for the Luncarty to Birnam section was held in 2015. The £35 million contract for the first section of the A9 Dualling to be constructed between KinCraig and Dalraddy was awarded to a joint venture of Wills Bros Civil Engineering and John Paul Construction. Work is now underway and is expected to be completed by summer 2017.

A96 Dualling Inverness to Aberdeen (Design): The outcome of the preliminary engineering and Strategic Environmental Assessment work for the dualling programme east of Nairn to Aberdeen work was presented to over 2,000 members of the public at a series of exhibitions along the A96 corridor in May 2015. In addition a £30 million design contract to take forward the development, assessment and promotion of the preferred option for the A96 Dualling Inverness to Nairn (including Nairn Bypass) was awarded in May 2015 with a view to publishing draft Orders later in 2016 for formal comment.

Forth Replacement Crossing: The budget was further reduced in December 2015 by £50 million to between £1.325 billion and £1.35 billion, and it remains on schedule to open to traffic in December 2016. In 2015, the project employed an average of just under 1,200 people on site. To date, 296 of the 530 subcontract opportunities (56%) have been awarded to Scottish firms (total value approximately £137 million). 34,501 of the 38,228 supply orders (90%) on the Principal Contract (worth £127 million) have been awarded to Scottish companies.

Edinburgh to Glasgow Rail Improvements Programme: The programme remains predicated on a capital outturn cost of £742 million for Phase 1 and that it will be fully delivered by March 2019. Phased delivery will enable more affordable and achievable implementation, delivering programme aims and ensuring best value.

Borders Railway: The project was completed on budget and programme at a total cost of £353 million (construction costs estimated at £294 million, at 2012 prices), with service commencement in September 2015.

Aberdeen – Inverness Rail Improvements: Phased programme improvements to the railway infrastructure in the North east of Scotland over period 2014 – 2030 will deliver shorter journey times. The introduction of high speed trains from summer 2018, and increased service provision will deliver enhanced connectivity. Phase One on programme is scheduled to reach completion by 2019 with an agreed investment of £170 million. Future phases of the project will help support an hourly service between Aberdeen and Inverness, with an average journey time of around 2 hours.

Highland Main Line: Phased programme of improvements to the railway infrastructure between Perth and Inverness, and onwards to the Central belt over the period 2014-2025. This will provide shorter journey times, the introduction of high speed trains from summer 2018, and increased service provision will deliver greater connectivity for both passenger and freight services. Phase Two of the project is scheduled to be delivered between 2014 - 2019, and aims to achieve a further average journey time reduction of approximately 10 minutes, an hourly service and increased opportunities for freight.

M8, M73, M74 Motorway Improvements: The NPD contract was awarded in February 2014. The project will upgrade the A8 Baillieston to Newhouse, completing the M8 motorway between Glasgow and Edinburgh, including improvements to the M74 Raith Interchange and widening of key sections of the M8, M73 and M74, and is expected to be completed in 2017.

Aberdeen West Peripheral Route (including Balmedie to Tipperty): This NPD contract was awarded in December 2014, with lower costs than originally estimated. Completion is expected by winter 2017. The project will provide substantial benefits across the whole of the north east and will provide a boost to the economy; increase business and tourism opportunities; improve safety; cut congestion as well as increasing opportunities for improvements in public transport facilities. The roads are scheduled to open by winter 2017.

Glasgow Subway Modernisation: Up to £246 million Scottish Government funding to enable Strathclyde Partnership for Transport (SPT) to deliver new trains, refurbish stations, upgrade signals and improve accessibility. During 2015-16, work continued on station improvements including on accessibility. The procurement process for new trains and signalling system is also well underway.

Glasgow's Fastlink: £35 million contributed to fund the core scheme delivered through Strathclyde Partnership for Transport providing dedicated bus infrastructure between the city centre, SECC and Queen Elizabeth University Hospital and Royal Hospital for Children, opening in 2015.

A82 Improvements Design: Route option assessment work on plans to upgrade the ten mile stretch of the A82 between Tarbet and Inverarnan has been completed with the preferred route option announced in September 2015.

The Ullapool - Stornoway Ferry: (MV Loch Seaforth) (£41.8 million) formally entered service on the route in May 2015 with the associated harbour infrastructure investment at Ullapool (£17.9 million) and Stornoway (£8.5 million).

Works for the redevelopment of Brodick started on 11 January 2016 and are due to be completed around mid 2017 and are part of a major investment of around £30 million to secure a safe, efficient and reliable ferry terminal and service. The contract is worth over £22.2 million and the Scottish Government will support the project by providing a £17.8 million investment.

The Third hybrid ferry (MV Catriona) was recently launched at Ferguson Marine Engineering Ltd Shipyard on 11 December 2015. The contract value is £12.3 million.

On 16 October 2015 a contract for two 100 metre dual fuel vessels for Uig Triangle and Ardrossan-Brodick services was awarded to Ferguson Marine Engineering Ltd. The contract value £97 million plus approximately £9 million CMAL project management costs. The formal steel cutting ceremony was undertaken on 16 February 2016.

Marine works at Kerrera involving two new slipway extensions plus the installation of a breakwater on the south side of the extended Kerrera slipway started on 4 January 2016 and are scheduled to be completed by the end of June 2016. The contract value is £1.7 million.

DIGITAL

Ensuring high quality digital connectivity across all of Scotland is a priority for the Scottish Government. We have set out an ambition that, in future, people living, working and visiting Scotland will be able to communicate and connect instantly using any device, anywhere, at any time.

As a key first step, the Scottish Government and its partners are investing over £410 million in the Digital Scotland Superfast Broadband programme (DSSB), to extend fibre broadband infrastructure into non-commercial areas.

The programme comprises two projects – one covering the Highlands and Islands led by Highlands and Islands Enterprise (HIE); the other covering the rest of Scotland, led by Scottish Government. Both contracts were awarded to BT during 2013 and delivery is well underway.

Our initial coverage target was to have 85% of premises in Scotland able to access fibre broadband by March 2016. This was achieved six months ahead of schedule and we are well on track to hit our overall target of 95% coverage by end 2017. Commercial coverage alone would only have reached 66%.

Over 500,000 premises have been connected through DSSB so far; and, on average, the programme is connecting 7,000 new homes and businesses every week. Over 6,200 km of cabling has been laid across Scotland, including 400 km of sub-sea cabling in the Highlands and Islands. Alongside the infrastructure deployment, both projects are delivering demand stimulation initiatives to raise awareness of the benefits of fibre broadband and to drive take-up of services.

The Scottish Government has also established Community Broadband Scotland (CBS), a £7.5 million initiative to support innovative community-led solutions in the hardest to reach areas least likely to have a solution delivered by the DSSB programme. CBS is actively supporting 92 communities across Scotland and has so far awarded funding of £2.5 million to 65 projects. This includes the Gigaplus Argyll project, which is delivering a community-owned superfast wireless network covering 1,400 homes and businesses across a number of island communities in Argyll. A number of similar projects are either at, or about to enter, the procurement stage.

We are also collaborating with mobile operators on a range of initiatives aimed at unlocking infrastructure investment and improving mobile coverage across Scotland. In 2015, we successfully delivered a pilot project on the isle of Coll, in partnership with Vodafone and Development Coll. This resulted in 4G services being made available on the island via a community-owned mobile mast. The Scottish Government is assessing the potential for this model to be replicated, as part of a wider infill programme to address mobile ‘notspots’. This will be developed further during 2016.

We are also working to maximise the mobile coverage benefits from the UK-wide Emergency Services Mobile Communications Programme, which will oversee the transfer of ‘blue light’ communications to a 4G platform. Our focus is to ensure that, where possible, any new masts delivered through the programme will deliver coverage benefits to the public.

In the year ahead, we will take forward the design and delivery of programmes to extend superfast broadband access to beyond the 95% coverage that will be delivered by the DSSB programme; extend mobile coverage to ‘hotspots’; and continue our work with Scottish Futures Trust to determine how we can most effectively support industry to deliver a 5G-ready infrastructure across all of Scotland.

ENERGY

Over the course of 2016 there has been several announcements that relate to accelerating investment in and delivery of community energy and low carbon infrastructure projects.

The Renewable Energy Investment Fund (REIF) is managed by the Scottish Investment Bank within Scottish Enterprise and prioritises investment in community renewables and marine energy. To date (December 2012- December 2015), £45 million has been invested in:

- 11 community-owned wind and hydro schemes, mainly in the Highlands and Islands;
- 2 community investments in commercial wind farms;
- 11 marine energy projects; and
- 3 ‘other’ projects (innovative offshore wind, innovative onshore wind and heat, and a small-scale wind turbine manufacturer).

Support for community energy has been particularly important with REIF filling a market gap for significant projects such as the largest community-owned wind-farm in the UK – at Point and Sandwick on Lewis. The original concept for REIF was to maximise funds for the private sector, and to date REIF has levered in over £87 million from an investment of £45 million, leverage of nearly 2:1.

Wave Energy Scotland (WES) was established at the end of 2014 with a budget of up to £14 million to the end of March 2016. WES is funded by Scottish Government and delivered by Highlands and Islands Enterprise (HIE). It provides up to 100% funding for the development of innovative technologies to produce low cost, efficient and reliable components and subsystems. Investment has already been significant, and in:

- January 2015, WES acquired the intellectual property (IP) and some of the physical assets previously owned by Pelamis for £305,000. These assets and IP are now being exploited for the benefit of the wider industry;
- July 2015, awards of over £7 million were offered to technology innovators to develop the best power take-off systems for wave energy devices;
- October 2015, wave energy developer Albatern was awarded £720,000 to demonstrate wave energy converters as a means of powering offshore aquaculture installations and remote island communities; and
- November 2015, awards worth over £2.25 million to eight technology developers and consortia, were announced following the competitive call for novel wave energy converters.

Through the Local Energy Challenge Fund (LECF) £20 million of capital funding was offered 2015-16, to support community-led, collaborative projects demonstrating low carbon technology as part of a local energy system. Collaborations were encouraged from range of bodies, such as local authorities, universities, housing associations, private sector companies, community groups and co-ops with four projects offered capital funding:

- Orkney Surf and Turf;

- EastHeat;
- Levenmouth Community Energy Project; and
- Assisting Communities Connect to Electrical Sustainable Sources

The successful projects are at the cutting edge of innovation, and fit with our drive to create an energy policy focusing on a holistic, local energy system, which could stimulate economic renewal.

Round 2 Phase 1 of the LECF of the application process was completed in May 2015, from which 23 projects successfully progressed to the second phase.

Decisions will be made in March 2016. This approach both allow the Scottish Government to accelerate the demonstration of demonstrate community energy systems and encourages replication in other areas of Scotland.

In June 2015 it was announced by Scottish Ministers, that improving the energy efficiency of all of Scotland's buildings will be designated a National Infrastructure Priority. Moving forward the cornerstone of the National Infrastructure Priority will be Scotland's Energy Efficiency Programme.

In March 2015 the £76 million Low Carbon Infrastructure Transition Programme (LCITP) supported by European Structural Funds was launched. LCITP is a Scotland wide, cross-sector project development unit, to support the development and acceleration of over 100 low carbon infrastructure projects by 2018, with 19 projects receiving financial support at December 2015. The LCITP is a working partnership between Scottish Government, Scottish Enterprise, Highlands & Islands Enterprise, Scottish Futures Trust and Resource Efficient Scotland. This intervention focuses on supporting the acceleration of projects to develop investment grade business cases allowing them to secure existing streams of public and private capital finance. LCITP has already completed a call for Geothermal Energy Projects which has resulted in 4 projects being awarded total feasibility funding of £185,000. It also runs a Water Source Heat Pump Challenge Fund running with funding of £2.3 million available with results due in Spring 2016.

The new programme over the next 2-3 years in conjunction with stakeholders and for the first time align action on the domestic and non-domestic sectors. To support the development of the final programme a series call for Pathfinders supported by up to £14 million was launched up in January 2016. Results of this process will be announced by summer 2016.

Support will continue to be available for our poorest households in the form of grants for installation of new measures, and we will also design new cost-effective financial mechanisms for those households and businesses who can afford to pay, to ensure that they can realise the immediate benefits of the energy saved. It offers a substantial investment opportunity for the public and private sectors, delivering substantial energy cost reductions for households and businesses through cost-effective measures that will pay for themselves (measures across the domestic and non-domestic sectors have been costed at around £6.4 billion plus).

Over the course of 2015 Scottish Government Procurement and Scottish Futures Trust have been taking forward the establishment of a procurement framework to support Public and Third Sector Non-domestic Energy Efficiency retrofit work. The

Framework will be open to all public and third sector bodies, launched in March 2016 and has the potential to support up to £300 million of energy efficiency retrofit activity. The economies of scale and standardised approach offered by a pan public sector framework is attractive to both the public sector and private sector - offering both better solutions and better value for money.

The Scottish Government is supportive of Carbon Capture Storage technology and we recognise the existing CCS infrastructure and storage potential in Scotland as a national asset and we believe that the wide scale application of Carbon Capture and Storage is necessary for a successful low cost global response to climate change.

In October 2015 the Scottish Government signed a grant offer of funding of £4.2 million for the Summit Power project. The funding, £2.5 million from Scottish Government and £1.7 million from the UK Government, is allowing the Summit Power Group to undertake substantial industrial research and feasibility studies for their proposed Carbon Capture Storage Clean Energy Project in Grangemouth. The feasibility study will continue through the course of this year and is due to be completed early 2017.

A successful oil and gas sector is a key component in the transition to a more resource efficient, lower carbon economy. Whilst this sector is currently facing a range of challenges, it continues to support employment opportunity across Scotland. At this challenging time, it is essential the correct policy framework is in place to support continued capital investment in the sector.

The Scottish Government has also directed funding towards decommissioning. HIE approved £628,000 to Peterson and a further £1,195,000 to Lerwick Port Authority, including £324,416 through the European Regional Development Fund (ERDF). Lerwick Port authority has also been awarded £1.2 million from the Scottish Government. Peterson has also been awarded £1.1 million of Regional Selective Assistance (RSA), from by Scottish Enterprise.

WATER

The last progress report noted that Scottish Water was delivering the 2010-15 investment programme as directed by Ministers. Following the conclusion of this period, assessments were made by the Output Monitoring Group¹ and Scottish Water's economic regulator, the Water Industry Commission for Scotland² on Scottish Water's achievements. Both reports concluded that Scottish Water had made significant improvements to services during the period. Furthermore, the Water Industry Commission for Scotland concluded that Scottish Water had outperformed the regulatory settlement by delivering levels of customer service that were beyond those demanded and for £122 million less than allowed.

On the 1 April 2015, Scottish Water began to deliver the investment requirements for the 2015-21 period as directed by Minister on the 1 October 2014.³ The Outputs Monitoring Group is carefully monitoring the delivery of the improvements in line with Scottish Water's delivery plan⁴ and quarterly reports are published on the Scottish Government's website.

Scottish Water reported for the financial year 2014-15, that it had invested £470 million and in doing so had made a further contribution towards a number of the Government's key strategic objectives. This investment enabled it to: deliver better services to customers; improve drinking water quality; provide additional capacity to meet the demands of new housing; reduce leakage; and protect Scotland's environment.

Examples of improvements are:

- leakage has been reduced by a further 20 million litres a day. Overall leakage is half what it was in 2006;
- levels of customer service is now amongst the best in the UK; in 2009-10, Scottish Water ranked amongst the worst;
- environmental compliance has improved significantly over the last five years with significant reductions in numbers of pollution incidents and failing wastewater treatment works. In 2014-15, there were 5 failing Wastewater Treatment Works compared to a target of 18 and 249 pollution incidents compared to a target of 548. This compares to 39 and over 939 respectively in 2009-10; and
- drinking water quality has improved steadily. In 2014, 99.90% of the 318,000 samples taken met strict quality standards.

In the current regulatory period 2015-21, Scottish Water will invest £3.6 billion in Scotland's water and wastewater services.

Investment Pipeline

Scottish Water's investment programme is defined and funded for the period 2015-21. The investment programme is set out in the form of Ministerial Directions and a supporting Technical Expression in the form of a list of outputs. Scottish Water's

¹ www.gov.scot/Resource/0048/00486833.pdf

² www.watercommission.co.uk/UserFiles/Documents/Performance%20Report%202010-15.pdf

³ www.gov.scot/Resource/0045/00459867.pdf

⁴ www.scottishwater.co.uk/assets/about%20us/files/delivery%20plan/swdp2015to21.pdf

Delivery Plan sets out how Scottish Water intends to deliver the investment over the five year period. The current period ends on 31 March 2021.

The Strategic Review of Charges undertaken by the Water Industry Commission for Scotland was completed on 20 November 2014 when it published its Final Determination of Charges⁵.

This determined the amount that customers need to pay in order deliver the necessary improvements to services. It confirmed the agreement that the Customer Forum⁶ had negotiated with Scottish Water on behalf of customers on prices and levels of service represents the lowest overall reasonable cost for customers. The agreement concluded that household charges should not rise by more than the Consumer Prices Index less 1.8% over the six-year period.

The 2015-21 investment plan contains many thousands of projects. Key projects to be delivered in the 2015-21 include:

- major upgrades to Glasgow's sewerage networks and Wastewater Treatment Works at Daldowie and Dalmarnock Wastewater Treatment Works; and
- improvements to drinking water quality in Ayrshire including the construction of a new 30 mile long water main.

⁵ www.watercommission.co.uk/UserFiles/Documents/Final%20Determination%20-%20Final.pdf

⁶ www.customerforum.org.uk/

RURAL AFFAIRS AND THE ENVIRONMENT

Investment in Scotland's Rural Affairs and Environment portfolio is intended to create a more successful country with opportunities for all of Scotland to flourish through increasing sustainable economic growth.

- Since October 2011 in excess of £210 million has been invested through the Scotland Rural Development Programme (SRDP) as capital grants for Rural Priorities, Land Managers Options, Crofting Counties Agricultural Grants and Food Processing, Cooperation and Marketing.
- The Scottish Agricultural College (SAC) moved in September 2011 into a state of the art campus in Ayr costing £70 million, which will be shared with the University of the West of Scotland.
- The Scottish Government is undertaking a significant programme of work to re-engineer the business and IT processes which underpin the delivery of rural payments and inspections and to deliver the Common Agricultural Policy Reform, being implemented in 2015. This long-term programme of activities will deliver improvements to the services customers receive and comply with EU requirements in order to maintain our level of funding from EU.
- The changes will make it easier for customers to apply for subsidies and grants, offers the ability to view map information online and hold customers information and communications in one place that they can access when they want. The first phase of the new system was made available to customers in early January 2015. Around £57 million of capital expenditure has been incurred to date. Development work will continue for the next few years.
- The new system will process around £3.9 billion worth of payments (Direct Payments and SRDP) over the 6 years of the new Common Agricultural Policy (CAP).
- As part of our efforts to support rural communities we are also putting in place new IT processes to ensure user-friendly and optimal delivery of funding opportunities under the EU's LEADER programme, thereby enhancing local areas by providing easier access to potential resource for grass roots organisations.
- We are directly supporting a variety of capital investment projects within food and drink businesses across Scotland via the Food Processing Marketing and Cooperation grant scheme, where over £70 million of investment is envisaged between 2014 and 2020.
- To drive the transition towards a low carbon, resilient circular economy, we set our priorities for action in our circular economy strategy *Making Things Last* published in February 2016, which focuses on key areas including energy infrastructure, construction and buildings, remanufacturing and food and drink. Support for a more circular economy will be augmented by the announcement of over £70 million of funding by the First Minister, including £30 million of EU Structural Funds, by the First Minister in February alongside Scotland's Manufacturing Action Plan.

- £1.5 million shovel ready funding was awarded in July 2012 to fund the planning and costing stages for the Royal Botanic Garden, Edinburgh planned project to redevelop the display and research glass houses and education facilities in the Edinburgh garden over a future phased construction programme. To date, no further capital funding has been allocated to progress this project.
- The local authority capital settlement includes £42 million identified as being available for flood protection schemes. Funding is allocated to individual schemes, which meet the eligibility criteria, by the agreement of Scottish Ministers and Convention of Scottish Local Authorities leaders group. After the last round of applications received in January 2014, all of the available funding until 2015-16 was allocated. New arrangements for distributing the money available for flood protection within the local authority settlement will apply from the 2016/17 spending review and will support the delivery of the priorities set out in the Flood Risk Management Strategies published in December 2015.

HEALTH

Projects completed during 2015 include:

The Queen Elizabeth University Hospital and Royal Hospital for Children (£842 million) – the world-class new hospitals were officially opened in July 2015 after being completed on time and on budget. The adult hospital features 1,109 individual single patient rooms, all with an external window view. The children's hospital features 244 paediatric beds and will provide a large number of specialist services to the West of Scotland and the wider population of Scotland in addition to the full range of secondary care services to people of Greater Glasgow and Clyde.

Primary and community care projects (£56.2 million) – a number of new community healthcare facilities were completed in 2015, including health centres in East Kilbride, Kilsyth and Wishaw, a health centre in Scalloway and the new Harris Health Hub. These completed projects support the provision of healthcare in facilities that are more sustainable, high quality and as close to home as possible.

The Lanarkshire Beatson, West of Scotland Radiotherapy Satellite Centre, (£22 million) – a satellite facility for the Beatson West of Scotland Cancer Centre based at Monklands Hospital is equipped with the most advanced technology to deliver the same world-class treatment provided at the Glasgow centre. This will enable around 80 patient treatments a day for people who require radiotherapy for lung, breast, prostate and rectal cancers.

Young People's Unit (£8 million) – this purpose built new unit in Dundee supports a regional specialist child and adolescent mental health service for the north of Scotland, providing a 12 inpatient places.

The Shields Health and Care Centre (£2.7 million) - , is a purpose designed and built facility in East Pollockshields by NHS Greater Glasgow and Clyde that integrates NHS, social work and key partner services.

Melrose Ambulance Station (£2 million) – This new station replaces a 40-year old facility in Galashiels with significantly improved, modern operational facilities for the 34 staff that are based there. The new station, on the Borders General Hospital site, provides quicker access to the wider Borders region.

Projects expected to be completed during 2016 include:

Woodland View Hospital, Irvine (£55 million) - a new acute mental health facility and community hospital at Ayrshire Central Hospital. The new development is a 206-bedroom integrated mental health facility and community hospital which will bring together a full range of outpatient and inpatient facilities.

Women and Children's Hub (£3 million) – a new facility to provide co-located and integrated women's and children's community services in fit for purpose, comfortable and safe facilities for patients and staff. Construction works were completed in January 2016 and staff and services will migrate into new hub during April and May.

Intensive Psychiatric Care Unit at Stratheden Hospital (£4.5 million) - the project to replace the unit will see a new state-of-the-art eight-bed unit on the north-eastern part of the hospital grounds.

SCOTLAND'S SCHOOLS FOR THE FUTURE

The Government's school building programme, Scotland's Schools for the Future, now increased to £1.8 billion (previously £1.25 billion) through the extension to the Non Profit Distributing programme announced in June 2014. £1.13 billion is being provided by Scottish Government and £665 million by local authorities.

This will see the construction of at least 112 new or refurbished schools which will be built in every part of Scotland in partnership with local authorities.

In 2015, 8 of the school projects within the programme were completed (5 primary schools; and 3 secondary schools); 7 opened in 2015 and 1 opened to pupils in January 2016. These projects are now benefitting around 3,500 pupils.

The total capital value of the schools completed in 2015 is circa £126 million, of which Scottish Government's contribution is circa £61 million.

In 2016, 16 schools projects (7 primary schools; 8 secondary schools; and 1 Additional Support Needs) are expected to be completed, which will benefit around 10,000 pupils. The total capital value of these schools is circa £313 million, of which the Scottish Government's contribution is circa £189 million.

FURTHER AND HIGHER EDUCATION

The Scottish Funding Council's current priorities for capital investment are to:

- work with priority projects for major capital investment to develop business cases which make sense strategically and educationally;
- work with Scottish Government, Scottish Futures Trust and others to fund and design low carbon technology into new builds and to retrofit low carbon into existing estates; and
- provide capital support to research universities with "excellent" departments, ie those that secure significant levels of support from the UK Research Councils.

In line with these priorities, there are a number of capital projects being supported by the Scottish Funding Council across both the further and higher education sectors.

As well as the projects listed below, the Scottish Government is also providing £10 million to the University of Edinburgh to support construction of the Roslin Innovation Centre at Easter Bush campus; the Scottish Funding Council is providing £8 million to install a Combined Heat and Power (CHP) District Energy Network at Strathclyde University, due for completion in early 2018.

The following projects were completed in 2015 :

- The Riverside Campus, part of the £228 million City of Glasgow College 'supercampus', was officially opened by the First Minister in October 2015;
- £52 million Inverness College campus was officially opened in November 2015. Both this and the City of Glasgow College campus were delivered through the NPD programme;
- Sabhal Mor Ostaig site servicing, infrastructure and construction of the College's new Administration, Research and Knowledge Exchange building as part of Phase 1(a) of the Kilbeg Village Development was completed in March 2015;
- University of St Andrews: creation of Biomedical Research building creating commercial laboratory space (type CL3) and the purchase of two biomass spectrometers, operational in December 2015; and,
- the Technology and Innovation centre at the University of Strathclyde, supported by £15 million from the Scottish Funding Council, was completed in 2015.

Projects expected to be completed in 2016 are:

- £6 million development of a joint school/college facility in Levenmouth is due to open in summer 2016;
- the City of Glasgow College City Campus, part of the £228 million 'supercampus' is in construction and due to open in summer 2016;
- £53 million Ayrshire College (Kilmarnock campus) is currently in construction and is due to complete by summer 2016;
- two new college projects are being developed at Fife College and Forth Valley College; and
- construction of a biomass energy centre at the University of St Andrews Guardbridge campus , supported by £10 million from the Scottish Funding Council, is due for completion during the summer of 2016.

CULTURE AND HERITAGE

Ongoing multi year key programmes are the:

- V&A Museum of Design Dundee;
- estates and storage maintenance; and
- repair and improvements at the National Collections.

Work was completed at the Glasgow Royal Concert Hall, which was opened in December 2015.

The V&A Museum of Design Dundee project is now under construction and will open to the public in 2018.

Undertaking repairs, maintenance and improving storage in the cultural estate is ongoing. The most recent major project has been the construction of a new storage and conservation facility at the National Museums Collection Centre at Granton, and which is now complete.

Currently the two major ongoing projects are:

- external refurbishment of the National Library's Causewayside building, of which Phase 1 is almost complete with Phase 2 following on immediately; and
- Phase 1 of the refurbishment of the Kelvin Hall in Glasgow, which is a partnership with Glasgow University and Glasgow City Council, and which will see the creation of a new centre for the Moving Image Archive, relocating the Scottish Screen Archive currently housed at Hillington Industrial Estate. This is expected to be complete in September 2016.

HOUSING

We want everyone in Scotland to live in affordable, quality homes that meet their needs. This is key to building and sustaining a fairer and more prosperous Scotland.

Scotland has a strong record in housing delivery. We have invested £1.7 billion in affordable housing over the lifetime of this Parliament and have met and exceeded our target to deliver 30,000 affordable homes; from April 2011 to December 2015, we have delivered 31,034 affordable homes, with 20,854 of these for social rent, and within that, 5,405 council homes. Building on this success, we and our partners want more homes delivered across all tenures.

In the next Parliament, our target will be to deliver more than 50,000 affordable homes, backed by investment of over than £3 billion. We have listened to our partners and will continue to work with them closely. The areas we will be focussing on to deliver More Homes Scotland, an overarching approach to support the increase in the supply of homes across all tenures are:

- For 2016-17, the Housing Supply budget has been set at £690 million. This will deliver between 8,000 - 9,000 affordable homes in 2016-17, 28% more homes than the average output in the last 2 years.
- Our target to deliver more than 50,000 affordable homes will support approximately 14,000 full-time equivalent jobs a year in the construction and related industries in Scotland and will generate around £9 billion of economic activity over the 5-year life of the programme.
- We have launched a new grant and loan Infrastructure Fund with up to £50 million available for 2016-17. Working with local authorities, we will provide targeted assistance to help unlock strategically important housing sites and increase the scale of housing delivery.
- We will expand mid-market provision, building on successful innovative initiatives which use guarantees and loans.
- We have also followed up our support of the growth of the private rented sector (PRS). A PRS Rental Income Guarantee Scheme, developed with Homes for Scotland and industry specialists through the PRS working party, is currently being market-tested.
- We will consult local authorities, Registered Social Landlords and others Spring 2016 on the resources, skills and expertise they need to help build delivery capacity and to identify where the critical gaps are and how best to fill them.
- In 2016-17 we will invest £160 million to help up to 5,000 people access homeownership. £80 million has been allocated to the Open Market Shared Equity scheme to help up to 2,000 first time buyers on low to moderate income, and £80 million has been allocated to the Help to Buy (Scotland) Affordable New Build and Smaller Developers Schemes to help up to 3,000 first time buyers and existing homeowners buy a new build home.

- In January this year we announced an increase in housing grant subsidies by up to £14,000 for social and affordable homes for rent with immediate effect. This will help councils and housing associations to maintain momentum through to March 2019 and beyond to help deliver our 50,000 affordable homes target.

A new £25 million fund was launched in February which will provide an estimated 500 new affordable homes specifically to rural areas across Scotland. We know building affordable housing in rural areas presents different challenges compared to urban areas which is why we are ensuring this fund is open to rural interests, including community bodies, private landlords and landowners.

We are maintaining Scotland's leadership in financial innovation and competence, continuing to work creatively with our partners and use innovative ways to deliver more new homes across all tenures for less public investment. Over 4,000 new affordable homes have already been approved through a range of innovative financing mechanisms, unlocking up to half a billion pounds of housing investment. We are the first, and remain the only, national government in the UK and public sector body in Scotland to invest in Charitable Bonds. We have plans to invest £37 million in these bonds, creating loan finance to fund affordable housing in Scotland, and generating charitable donations of £1.4 million for regeneration charities and up to £10 million for social housing. This could support the delivery of up to 600 new affordable homes.

We are committed to a wide-ranging review of the planning system, with a focus on improving the effectiveness of planning processes that support the delivery of good quality housing developments. The panel will make recommendations to Scottish Ministers in May and we will respond later this year.

Fuel poverty

We remain committed to the statutory target of eradicating fuel poverty, as far as is reasonably practicable, by November 2016 and we are doing everything it can to tackle this issue. Latest statistics show that fuel poverty levels have been contained despite fuel prices rising.

In the budgets that we have under our control, we have maintained the expenditure available for fuel poverty and energy efficiency in what has been a tough financial climate. We have allocated over half a billion pounds since 2009 on a raft of Fuel Poverty and Energy Efficiency programmes. Since 2008 more than 900,000 measures have been installed in homes in Scotland - nearly 1 in 3 of all households (over 700,000) have now received energy efficiency support. These were installed either directly funded by Scottish Government schemes or supported by the broader enabling environment created through our Home Energy Efficiency Programmes for Scotland.

In the budget for 2016-17, we are making available more than £103 million to tackle fuel poverty and energy efficiency next year, which is a significant commitment in light of on-going spending pressures and UK Government cuts and considerably more than previous governments in Scotland. This money will be used to help install energy efficiency measures, including solid wall insulation, in 14,000 homes and will build on the 900,000 energy efficiency measures delivered since 2008.

The majority of Scottish Government budget for fuel poverty and energy efficiency programmes is allocated to the Home Energy Efficiency Programmes for Scotland (HEEPS) Area Based Schemes (HEEPS: ABS). Area Based Schemes are delivered by local authorities and prioritise fuel poor areas, providing a range of insulation measures. Another element of HEEPS is Warmer Homes Scotland. This scheme is expected to help around 28,000 households over a 7 year period make their homes warmer and cheaper to heat. We also have our HEEPS: Loans scheme which provides interest free loans.

Our record investment is reflected in the big improvements in the energy efficiency of Scotland's housing. The share of homes rated EPC band C and above has increased by 71% since 2010, and 11% in the last year. We now have proportionately 53% more homes with a good EPC rating (C or above) than England.

REGENERATION

Regeneration plays a vital role in supporting sustainable economic growth, by tackling area inequality, addressing market failure, and increasing opportunities for areas of need to attract investment and jobs. The Regeneration Strategy, *Achieving a Sustainable Future*, was published in December 2011 and announced funding of £175 million over the Spending Review period.

The key elements are:

- tackling area-based deprivation by reforming how mainstream resources are used and working together more effectively;
- a stronger focus on community-led regeneration; and
- realising the economic potential of Scotland's communities through focused funding and other support mechanisms.

Key funding measures include:

- The Scottish Partnership for Regeneration in Urban Centres (SPRUCE), Scotland's £50 million Joint European Support for Sustainable Investment in City Areas (JESSICA) investment loan fund, was launched on 12 December 2011;
- £75 million of grant funding for capital regeneration projects over the Spending Review period, including £48 million for Urban Regeneration Companies in the first two years;
- the £25 million per annum Regeneration Capital Grant Fund, developed in partnership with Convention of Scottish Local Authorities, from 2014-15 provides support to deliver large-scale improvements to deprived areas, focussing on projects that engage and involve local communities and can deliver sustainable regeneration outcomes.
- over £26 million to tackle vacant and derelict land over the Spending Review period; and
- a £7.9 million per annum People and Communities Fund supporting community anchor organisations to deliver local regeneration priorities, augmented in 2015/16 (including £5.6 million from the Empowering Communities Fund) to take total spend in that year to £15 million.

Progress since 2008 includes:

- over £372 million directly invested in regeneration activity up to 2015-16;
- Town Centre Regeneration Fund: £60 million of funding provided to town centres across Scotland in 2009-10 to deliver a range of regeneration outcomes;
- over £200 million invested in Urban Regeneration Companies (URCs). The following outputs have been delivered: over 130,000 square metres of business space; over 5,000 jobs created or retained and over 1,600 training places; over 145 hectares of vacant and derelict land remediated or developed; over 1,900 houses and 2 primary schools built. In addition, over £369 million of direct and

indirect private sector investment has been generated on the back of public sector investment;

- Scottish Partnership for Regeneration in Urban Centres (SPRUCE), £50 million Joint European Support for Sustainable Investment in City Areas (JESSICA) Loan fund was fully invested in 7 projects by the end of 2015 and is now in the recycling period;
- the Regeneration Capital Grant Fund has funded 40 projects as from 2014-15;
- the Vacant and Derelict Land Fund: £73.21 million of funding provided to tackle vacant and derelict land in five local authority areas;
- a Town Centre Action Plan was published on 7 November 2013 in response to the outcomes of the national review of town centres; and the Town Centre First Principle agreed with Convention of Scottish Local Authorities in 2014; and
- a £2.75 million Town Centre Housing Fund is supporting a range of demonstration projects to test how empty town centre properties can be brought back into use for affordable housing.

JUSTICE

Prison estate

- The Family Centre and Help Hub at HM Prison & Young Offenders Institution Grampian was opened in June 2015.
- The last stage of the decommissioning of HM Prison Aberdeen and HM Prison Peterhead has been achieved with completion of the demolition of HM Prison Aberdeen in June 2015. The Peterhead site has been sold to Score Group PLC and the Aberdeen site is to be transferred to Sanctuary Scotland Housing Association, a Registered Social Landlord, who will build affordable housing for key workers on the site with the assistance of Scottish Government funding.
- Plans for Women in Custody - the Cabinet Secretary for Justice announced in January 2015 the decision not to proceed with previous proposals for a large new prison for female offenders in Inverclyde, as this did not fit with the Government's vision for meeting the needs of female prisoners and reducing female offending. The decision was also taken not to proceed with the construction of a new facility for women at HM Prison Edinburgh. In June 2015, the Cabinet Secretary for Justice announced proposals to build a new 80-place prison at the Cornton Vale site, near Stirling, and five community custodial units, each accommodating up to 20 women, at various locations around Scotland. Work to identify the final locations for the community units is proceeding in dialogue with local partners.
- HM Prison Highland - A feasibility study is currently being progressed on a potential site and detailed discussions are ongoing with the site owners.
- HM Prison Glasgow - Work to identify appropriate potential sites is ongoing. Preliminary discussions have been entered into with the owners of a prospective site.

Justice Centre Project

- Work to purchase a suitable site for the Inverness Justice Centre is ongoing with the intention to procure and commence construction in 2016-17 and completion in 2018.

Police Scotland ICT

- The i6 programme, which will deliver significant benefits across Police Scotland is currently under review between Police Scotland, SPA and the contractor. Further work has been commissioned on a range of options for reconfiguring the programme and no decisions have yet been made on those options.

Emergency Services Future Communications

- Ahead of the expiry of contracts underpinning the Airwave telecommunications system currently used by the emergency services across Scotland, and the rest of Great Britain in 2015 a Full Business Case was prepared and approved for the collaborative procurement of, and transition to, successor provision. The Home Office-led programme let the contracts for the main lots to Motorola and EE in December 2015. The mobilisation phase has now commenced, laying the basis for region-by-region transition to the new network to begin in 2017.



The Scottish Government
Riaghaltas na h-Alba

© Crown copyright 2016



This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.scot

Any enquiries regarding this publication should be sent to us at
The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-78652-101-9 (web only)

Published by The Scottish Government, March 2016

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS67280 (03/16)