

# SCOTLAND'S GROWTH UNLOCKED

## Harnessing the power of infrastructure

Ahead of the 2026 Holyrood elections, this paper outlines a vision for Scotland's infrastructure and sets out practical recommendations and steps to deliver lasting growth, strengthen communities, and secure national prosperity.

### Summary of key recommendations:

#### Reform planning and regulation

01

##### **Streamline planning and approvals with a single gateway**

Cut red tape by integrating decisions across agencies and setting clear timelines to unlock faster delivery.

02

##### **Fast-track critical national infrastructure**

Prioritise projects vital to Scotland's future with accelerated approvals and dedicated support.

03

##### **Embed net zero and community benefits in all decisions**

Make climate targets and local opportunities core tests for every infrastructure scheme.

#### Tackle skills shortages

04

##### **Invest in lifelong learning for a future-ready workforce**

Scale up apprenticeships and reskilling in green construction, low-carbon tech, and digital skills.

05

##### **Mobilise experienced professionals to mentor the next generation**

Incentivise skilled workers to train others and grow Scotland's talent pipeline.

06

##### **Secure targeted international recruitment for priority infrastructure roles**

Work with UK Government to include critical roles on shortage lists and enable flexibility for Scotland's specific needs.

07

##### **Support SME supply chains through targeted skills and planning**

Help smaller firms scale sustainably to deliver on major infrastructure investments.

#### Unlock funding and financial constraints

08

##### **Guarantee stable, multi-year funding for key projects**

Provide predictable, ringfenced capital to drive long-term delivery and investor confidence.

09

##### **Simplify public-private delivery models**

Modernise contracts and partnerships to share risk fairly and foster innovation.

10

##### **Expand innovative financing tools for infrastructure**

Promote green bonds, blended finance and other mechanisms to diversify funding sources.

# SCOTLAND'S GROWTH UNLOCKED

## Harnessing the power of infrastructure

As Scotland looks ahead to the 2026 Holyrood elections, the choices made now will shape the nation for generations. At the heart of this future lies infrastructure – the foundation of economic growth, energy security, climate resilience, and a skilled, inclusive workforce.

Scotland's world-class natural environment and heritage are matched by its ambition to lead the global energy transition. From offshore wind and hydrogen to clean heat, landmark projects are driving change, supported by vital Power Transmission upgrades including the Skye and Argyll Reinforcements and ASTI network upgrades – including the Beaulieu–Blackhillock–Peterhead Overhead Line – which are critical to grid resilience and to unlocking Scotland's renewable potential. To turn this momentum into lasting transformation, a broader, long-term infrastructure pipeline will be essential – one that not only secures grid resilience, but also strengthens connectivity and enhances quality of life across the nation.

The construction and infrastructure sector is central to making this vision a reality. Contributing over 6% of Scotland's GDP and employing more than 230,000 people<sup>1</sup>, the sector delivers far beyond economic value. It underpins social progress, supports local businesses, and equips communities to thrive in a changing world.

At Balfour Beatty, our deep-rooted commitment to Scotland gives us a clear perspective on both the opportunities and challenges ahead. Realising these ambitions will require bold, coordinated action: removing delivery barriers, accelerating skills development, and aligning infrastructure with Scotland's long-term economic and environmental goals. The Scottish Government's drive for public sector reform underscores the need for a more streamlined, efficient approach that cuts waste, accelerates delivery, and maximises value for communities.

**This paper sets out targeted, practical recommendations across three key pillars to unlock Scotland's potential:**

**Reform planning and regulation**

**Tackle skills shortages**

**Unlock funding and financial constraints**

Together, these measures will provide a resilient foundation for inclusive growth and ensure infrastructure remains a driver of Scotland's future success and global leadership.



**Nick Rowan**  
Managing Director - Regional  
construction, Scotland



**Tony Wilson**  
Managing Director – Power  
Transmission and Distribution

<sup>1</sup> Economy and Fair Work Committee, Wednesday 2 April 2025

## Reform planning and regulation

Scotland's planning and regulatory framework plays a pivotal role in shaping the future of infrastructure delivery. While the Scottish Government has made important, welcome strides with reforms - such as the Planning (Scotland) Act 2019 and the adoption of National Planning Framework 4 (NPF4) in 2023 - significant challenges remain. Fragmented processes, complexity in approvals, and unpredictable decision-making continue to slow the delivery of critical infrastructure projects. These delays not only increase costs but also undermine investor confidence, putting at risk projects essential to Scotland's net zero ambitions, energy security, and economic growth.

Balfour Beatty, as a committed partner in Scotland's infrastructure landscape, welcomes the ongoing efforts to streamline planning and enhance coordination between agencies. We recognise that NPF4 marks a crucial step towards integrating spatial planning with national priorities and sustainability goals. However, to truly transform Scotland's planning system into a gateway for progress rather than a barrier, further reform is needed. This includes adopting a more proactive approach to infrastructure planning, introducing clearer and more predictable decision-making timelines, and ensuring stronger alignment between planning, permitting, and regulatory processes. Equally important is strengthening the delivery of tangible local benefits from national projects, to ensure communities across Scotland share in the opportunities created.

Accelerating green energy infrastructure, including wind farms, solar arrays, and energy storage projects, is critical to achieving Scotland's net zero targets. Current delays in planning consents and fragmented regulatory approaches are barriers that must be addressed. Urgent reform is required to accelerate consenting procedures and develop a cross-agency, integrated delivery model that aligns with Scotland's decarbonisation goals and maximises economic benefits.

Developments such as the Planning and Infrastructure Bill introduced in England and Wales provide a potential benchmark for reform - highlighting the benefits of a more streamlined, coordinated, and outcome-focused planning process. While Scotland's system is distinct, the ambition is shared: to create a planning environment that accelerates infrastructure delivery, reduces uncertainty, and supports long-term investment aligned with Scotland's climate and economic ambitions.

### Recommendations

#### 1. Streamline planning and approvals with a single gateway

Cut red tape by integrating decisions across agencies and setting clear timelines to unlock faster delivery.

#### 2. Fast-track critical national infrastructure

Prioritise projects vital to Scotland's future with accelerated approvals and dedicated support.

#### 3. Embed net zero and community benefits in all decisions

Make climate targets and local opportunities core tests for every infrastructure scheme.

### Supporting measures

- Developments such as the Planning and Infrastructure Bill introduced in England and Wales provide a potential benchmark for reform - highlighting the benefits of a more streamlined, coordinated, and outcome-focused planning process. While Scotland's system is distinct, the ambition is shared: to create a planning environment that accelerates infrastructure delivery, reduces uncertainty, and supports long-term investment aligned with Scotland's climate and economic ambitions.
- Simplify and coordinate planning, permitting, and regulation across agencies: Improve collaboration and communication between planning authorities, regulators, and government bodies to reduce fragmentation, speed up decision-making, and eliminate costly delays.
- Strengthen collaborative delivery approaches: Scotland should harness the benefits of collaborative working between public authorities, contractors, and the wider supply chain. Evidence from major projects across the UK shows that frameworks such as including early contractor involvement consistently deliver better outcomes faster, reducing disputes, shortening programmes, and fostering innovation. By embedding collaboration, open-book transparency, and shared goals into procurement and project governance, Scotland can deliver its most important infrastructure efficiently, sustainably, and with maximum value for communities.

- Adopt a proactive infrastructure planning approach to safeguard national projects: Embed strategic foresight into planning processes to prioritise and protect key infrastructure corridors early, providing greater certainty and alignment with Scotland's economic and climate objectives.
- Fast-track strategic infrastructure projects critical to Scotland's future: Fast-track approvals for projects essential to energy security, net zero targets, transport, and digital connectivity, supported by clear frameworks that guide investment and long-term ambitions. This should include Power Transmission projects such as the Skye Reinforcement, Argyll Reinforcement, and ASTI upgrades, which are vital to Scotland's energy security and net zero ambitions.
- Introduce clear and predictable decision-making timelines for major infrastructure projects: Establish statutory or binding deadlines for approvals to give investors, communities, and delivery partners certainty, while managing project complexity.
- Embed early and effective engagement with communities and stakeholders to speed up approvals: Require robust pre-application consultation to involve affected parties from the outset, reducing opposition and smoothing the planning process.
- Maximise the delivery of local benefits from national infrastructure projects: Define clear expectations and transparent reporting mechanisms to ensure projects generate jobs, skills development, and local supply chain opportunities that benefit communities across Scotland, aligned to the Scottish Government's commitment to community wealth building, ensuring that infrastructure projects create meaningful, lasting value for local people and communities.
- Explore the creation of streamlined 'one-stop-shop' approval models for infrastructure projects: Develop central coordination points or dedicated infrastructure planning units to act as single gateways for planning, permitting, and regulatory approvals, reducing administrative burdens and accelerating delivery.
- Embed net zero and sustainability principles into all planning decisions: Fully integrate Scotland's climate goals to ensure infrastructure projects contribute to decarbonisation and environmental resilience at every stage of delivery in line with the Scottish Government's circular economy and Zero Waste Scotland initiatives, ensuring infrastructure delivery minimises waste, supports resource efficiency, and contributes to a greener future.
- Develop a cross-agency, integrated approach to energy infrastructure delivery: Reduce inefficiencies and ensure alignment with Scotland's net zero ambitions by coordinating planning, permitting, and regulatory functions under a shared framework.

#### Case study

### **Circular Construction Accelerator**

Balfour Beatty have been working closely with Zero Waste Scotland (ZWS) to support our supply chain in understanding sustainability requirements and developing new skills.

As part of our Fife College project, we launched the Circular Construction Accelerator – an initiative designed to embed circular economy principles into supplier practices. A key element of this was the Climate Action Benchmark Assessment, which identified where each supplier was on their circularity and innovation journey. Based on the results, suppliers were signposted to tailored support and provided with clear recommendations to help advance their sustainability agendas.

Participants were offered a range of support, including access to technical expertise, funding opportunities, and practical advice grounded in research and evidence. To build momentum, we also hosted a Climate Accelerator Conference, bringing together the customer (Scottish Futures Trust), Zero Waste Scotland, the design team, and our supply chain. This collaborative forum explored circular construction challenges and opportunities, leading to an agreed approach for delivering sustainability improvements.

Building on its success, and in collaboration with others, the initiative has since developed into the Industry Transition Accelerator<sup>2</sup> – a CITB-funded programme that is now open to the whole construction industry to drive even greater impact.

<sup>2</sup> <https://www.regenerativefutures.co.uk/industry-transition-accelerator>

<sup>3</sup> Engineering Skills Gap Analysis for Scotland, Scottish Engineering, 08 January 2025

## Tackle skills shortages

Scotland's construction and infrastructure sectors continue to face acute skills shortages that pose a serious risk to economic growth and the delivery of the country's ambitious infrastructure pipeline. Major projects across energy transition, housing, transport, and digital infrastructure demand a workforce that is not only larger but also equipped with evolving skills in sustainability, low-carbon technologies, and digital construction methods.

The latest data from Scottish Engineering<sup>3</sup> confirms the ongoing severity of this challenge: half of engineering employers report difficulties recruiting staff, while 45% identify skills gaps within their existing workforce.

These issues extend beyond engineering, impacting construction, utilities, and manufacturing sectors. As Scotland positions itself as a global leader in clean energy and sustainable infrastructure, the scarcity of skilled workers threatens to delay critical projects and compromise economic ambitions.

In May 2025, the UK Government published its immigration white paper<sup>4</sup>, which proposes significant new restrictions on international recruitment. These include reducing the graduate visa duration and limiting expansions to the Immigration Salary List, soon to be replaced by a new Temporary Shortage Occupation List in early 2026. Scottish businesses, political leaders, and industry groups have expressed concern that these reforms fail to account for Scotland's unique demographic and labour market context. With only 14% of Scotland's economically active population born outside the UK (significantly lower than England's 21%<sup>5</sup>) - Scotland is particularly vulnerable to the impact of tighter immigration controls in sectors heavily reliant on international workers, such as construction, engineering, and social care.

The risk is not confined to Scotland. Across the UK, new government initiatives rightly aim to grow the domestic talent pipeline - but with the infrastructure pipeline expanding rapidly, the most acute and immediate gap is in the availability of already highly skilled, competent workers, particularly in niche or emerging areas like clean energy infrastructure, advanced civil engineering, and digital delivery. In many of these fields, the UK lacks sufficient domestic experience, either because these schemes are new in scope or haven't been delivered at scale in recent decades. The ability to bring in international expertise is therefore vital not just to deliver projects, but to train new entrants and transfer knowledge to the future workforce. While Scotland cannot operate a separate immigration system due to the absence of an internal UK border, regional tailoring within a UK-wide framework is achievable. This could include allowing devolved authorities or employers to make evidence-based submissions to the Migration Advisory Committee (MAC) for Scotland-specific shortages, or the introduction of regionally weighted visa quotas. Comparable models already exist in countries like Canada and Australia, where provincial or state governments nominate skilled migrants for targeted roles without the need for internal borders or separate regimes.

The Scottish Government has taken positive steps towards tackling these challenges, including investment in apprenticeships, skills academies, and sector-specific training initiatives aligned with the national Infrastructure Investment Plan and Just Transition goals. However, to ensure Scotland's infrastructure ambitions are not undermined by workforce constraints, a dual-track approach is needed: strengthening domestic skills pipelines while enabling targeted access to international talent for priority roles. Industry cannot do this alone - success will depend on coordinated efforts between governments, education providers, and employers.

## Recommendations

### 4. Secure targeted international recruitment for priority infrastructure roles

Work with UK Government to include critical roles on shortage lists and enable flexibility for Scotland's specific needs.

### 5. Invest in lifelong learning for a future-ready workforce

Scale up apprenticeships and reskilling in green construction, low-carbon tech, and digital skills.

### 6. Mobilise experienced professionals to mentor the next generation

Incentivise skilled workers to train others and grow Scotland's talent pipeline.

### 7. Support SME supply chains through targeted skills and planning

Help smaller firms scale sustainably to deliver on major infrastructure investments.

<sup>4</sup> <https://www.gov.uk/government/publications/restoring-control-over-the-immigration-system-white-paper>

<sup>5</sup> Office for National Statistics, 2021 Census



## Supporting measures

- Secure targeted international recruitment for Scotland's priority infrastructure roles: Work with the UK Government to ensure that critical roles in clean energy, civil engineering, and digital construction are included in the Temporary Shortage Occupation List. Build greater regional flexibility into the UK-wide system - such as allowing devolved administrations to submit evidence directly - so that Scotland's distinct labour market needs can be better addressed without requiring separate border controls.
- Strengthen domestic skills development in priority areas: Increase investment in apprenticeships, reskilling, and technical education - particularly in sustainable construction, low-carbon technologies, and digital delivery - aligning provision with Scotland's national infrastructure priorities.
- Equip experienced professionals to train the next generation: Support experienced infrastructure professionals to take on training and mentoring roles by removing bureaucratic and financial barriers to teaching, recognising their essential role in capability-building and delivering complex projects at pace.
- Strengthen cross-sector coordination on workforce planning: Build on existing frameworks with a more integrated national skills strategy, enhancing collaboration between government, industry, education, and unions. Ensure it is responsive to changing workforce needs and supports net zero, digital, and economic goals with clear accountability. A critical part of this effort must also focus on Scotland's SME supply chain. Around 70% of Balfour Beatty's supply chain spend in Scotland is with SMEs, many of whom are facing fragile pipelines in the next 18 months to two years due to reduced capital expenditure across Scotland. To ensure they can fully participate in upcoming major projects, targeted support is essential to help these businesses scale sustainably and maximise the benefits of future investment. Achieving this will require a dedicated, coordinated effort across sectors.
- Increase access to lifelong learning: Expand flexible, modular training pathways that allow workers to adapt and upskill throughout their careers, supporting productivity and resilience as technology and project demands evolve.

### Case study

#### **Balfour Beatty's Commitment to Building Skills in Scotland**

Balfour Beatty is deeply committed to developing the future construction workforce in Scotland, with a strong focus on addressing the skills shortage and helping to shape the next generation of professionals.

One example of this commitment is our partnership with Capital City Partnership on the CITB-funded Scottish Pathways to Construction programme, which equips individuals from diverse backgrounds with the skills and experience needed for careers in construction.

Between now and October 2026, we are delivering 10 training academies across Scotland, supporting 100 participants to complete their CSCS tests, gain structured work experience, and receive tailored support focused on health, wellbeing, and personal development.

The first academy, held in early 2025, involved 12 participants, many facing significant barriers such as unemployment, language challenges, and housing insecurity. Through the programme, 7 passed their CSCS assessments, 5 secured job offers, and 3 progressed to further training. Partners like Heron Bros and McTaggart Construction provided interviews, placements, and site tours, helping participants gain valuable industry insight and connecting employers with a diverse, work-ready talent pool.

This initiative, funded through the Industry Impact Fund, exemplifies Balfour Beatty's broader commitment to closing Scotland's construction skills gap and building an inclusive workforce.

We're also proud to be members of The 5% Club, a movement of employers committed to having at least 5% of their workforce in 'earn-and-learn' roles, such as apprenticeships and graduate schemes, demonstrating Balfour Beatty's dedication to creating meaningful opportunities for young people. We exceed the 5% requirement, with 7.4% of our workforce currently in earn-and-learn roles.

This includes apprenticeships, graduate schemes, and other work-based learning opportunities that provide the essential hands-on experience to build the skills required in construction. By investing in training and development programmes, Balfour Beatty is not only fostering its own workforce but contributing to the broader sector's sustainability and growth.

## Unlock funding and financial constraints

Scotland faces ongoing challenges in securing consistent, adequate funding for its infrastructure ambitions. While the Scottish Government has made important strides to increase capital allocations, budget cycles often remain too short and unpredictable to support confident long-term planning - especially for major projects in energy transition, transport, and digital connectivity. This uncertainty can stall project starts, complicate workforce and supply chain commitments, and ultimately limit the ability to maximise local community benefits through jobs, skills development, and supplier engagement.

We support the multi-year funding approach already in place for Power Transmission projects through OFGEM, SSE and ScottishPower. This model provides the long-term certainty needed to deliver strategic upgrades such as the Skye and Argyll Reinforcements and ASTI network enhancements including the Beaulieu-Blackhillock-Peterhead Overhead Line. Clearer, more stable funding mechanisms like this would boost investor confidence, leverage private capital, and ensure value-for-money outcomes aligned with Scotland's economic and environmental goals.

The private sector plays a vital role in delivering infrastructure at scale, yet investment appetite is often tempered by regulatory complexity, the risk of cost overruns, and unclear return horizons. Scotland's shift away from traditional Private Finance Initiative (PFI) models towards more balanced public-private partnership frameworks, such as the Non-Profit Distributing (NPD) and Mutual Investment Model (MIM), reflects an effort to improve value for money and risk-sharing. However, further clarity and simplification of these collaboration models would help reduce barriers to investment.

Clearer, more stable funding mechanisms would boost investor confidence, leverage private capital, and ensure value-for-money outcomes aligned with Scotland's economic and environmental goals.

## Recommendations

### 8. Guarantee stable, multi-year funding for key projects

Provide predictable, ringfenced capital to drive long-term delivery and investor confidence.

### 9. Simplify public-private delivery models

Modernise contracts and partnerships to share risk fairly and foster innovation.

### 10. Expand innovative financing tools for infrastructure

Promote green bonds, blended finance and other mechanisms to diversify funding sources.

## Supporting measures

- Implement multi-year, ringfenced funding envelopes: Establish protected funding allocations that provide stability beyond annual budgets, safeguarding infrastructure projects from political and economic fluctuations. This will enable better pipeline certainty and more efficient resource planning for complex, long-term developments.
- Establish clear and consistent risk allocation frameworks: Create transparent and balanced mechanisms that reduce regulatory and financial uncertainties, including delays in planning, permitting, and policy changes. Fairly distributing risks between public bodies and private contractors will strengthen investor confidence.
- Develop improved public-private collaboration models: As part of broader public sector reform, there is an opportunity to streamline the infrastructure delivery model by removing duplication and reducing unnecessary layers. This can be achieved by building on Scotland's NPD and MIM frameworks to simplify contracting and financing structures to better align incentives, share risks, and foster innovation. Clearer, more transparent processes will boost trust and enable more effective, accountable partnerships - driving efficiency and unlocking greater value for communities.

- Expand access to innovative financing tools: Encourage the use of green bonds, infrastructure funds, and blended finance solutions to diversify capital sources and promote investments that support sustainability objectives.
- Promote early and ongoing government engagement: Facilitate proactive dialogue between government and delivery partners on project funding and financing to identify and resolve potential challenges early, supporting smoother project progression.

## Conclusion

The opportunity before Scotland is clear: by embracing innovation and collaboration today, we can lay the groundwork for a stronger, greener, and more prosperous tomorrow. Success will require bold partnerships between government, industry, and communities, with a shared commitment to delivering lasting value.

With the right decisions now, Scotland can transform its infrastructure landscape, creating new opportunities and securing long-term benefits for all. The path ahead demands focus, courage, and vision - but the rewards will be a resilient, inclusive future that sets Scotland apart on the world stage.

### About Balfour Beatty

We are immensely proud of our long-standing commitment to Scotland, which dates back to our first project in 1909, when we worked on Dunfermline's tram system. Balfour Beatty employs around 2,000 people in Scotland, including 130 apprentices, graduates, and trainees. Our operations span the length and breadth of the country, with offices in Motherwell, Aberdeen, and Inverness. Our recent projects include the A9 Luncarty to Pass of Birnam; Glasgow Queen Street Station development; Beaulieu to Denny transmission lines; and new hospitals in Broadford, Aviemore and Inverness.

Balfour Beatty is the UK's largest infrastructure provider and one of the 40 strategic suppliers to the Government. Founded and headquartered in the UK, we are proud to be a British business with 13,000 employees working across the UK (26,000 employees worldwide, largely focused in the US and Hong Kong) on construction sites and in offices across the country. We finance, develop, build, maintain and operate the critical national infrastructure that we all depend on, as well as projects at the heart of local communities - such as Hinkley Point C, Sizewell C, HS2 and supporting Rolls-Royce in the delivery of its Submarines site to facilitate the strategic requirements of the Ministry of Defence and the AUKUS programmes.

Our work in Scotland extends across multiple sectors, including Education, Healthcare and Energy, where we are working closely with SSE and ScottishPower to support their commitments to OFGEM through the ASTI programme and preparing for the upcoming T3 programme of works. Over the next 24 months, we expect our workforce to grow by over 20% as we deliver on both this project and the A9 Dualling scheme.

---

### Balfour Beatty

7 Maxim Office Park  
Parklands Ave  
Eurocentral  
Motherwell  
ML1 4WQ

[www.balfourbeatty.com](http://www.balfourbeatty.com)

