

Cabinet Secretary for Transport, Net Zero and Just Transition submission of 20 December 2023

Inquiry into A9 Dualling Project

Thank you for your letter of 30 October 2023 and the invitation to provide a written submission for the Committee in advance of my appearance.

Introduction

The A9 dualling programme is a vital part of our ambition to support the people and businesses of Perthshire and the Highlands by providing safer and more reliable connections to the Central Belt.

This Government is the only Government to commit to dualling and to make the substantial investment required to make sure that we get the right road, in the right place at the right price.

I welcome the range of evidence that the Committee has already gathered and I understand the strength of feeling there is around the need for this programme and for improved safety on the A9 more generally.

As the committee is aware, I was appointed Cabinet Secretary for Net Zero and Just Transition on 29 March 2023. Transport was explicitly added to my Cabinet portfolio on 14 June 2023. My role is therefore focussed on forward planning for the completion of the programme. In that regard I have today made a statement to Parliament setting out our delivery plan for the projects that remain to be completed, and will summarise that plan later in this written submission for the Committee.

As part of preparing this submission, officials have briefed me on the previous programme activities so that I may provide some reflection. However, such reflections are provided based on the advice I have received rather than any direct experience. I understand that you have heard from other former Ministers and Cabinet Secretaries on historical aspects of the project.

Development of the Programme

Firstly, I would like to address the safety of the A9 as being of primary importance to us all. Alongside other Ministers I offer my sincere and heartfelt condolences to the families who have lost a loved one on the A9 or those who have been injured.

Our commitment to improving safety on the A9 is resolute which is why we have continued with a programme of specific road safety improvements to the route. Since 2007, we have invested £300M in the maintenance and safety of the A9, plus a further £3.6M on average speed cameras on the route. The A9 Safety Group was formed in 2012 to deliver measures that improve road user behaviour and, crucially, reduce casualties both before and during the dualling process. The Group met most recently on 8 November 2023, and was chaired by the Minister for Transport.

In addition to our ongoing maintenance and safety programmes, we are investing approximately £5M in short term safety improvements over three financial years (2022/23, 2023/24 and 2024/25) on the A9 to enhance safety in advance of dualling.

As Ms Gilruth noted in her statement to the inquiry, it is often difficult to relate the causes of accidents with a lack of dualling. However we do know that accidents can be more severe in nature on the A9 where they involve attempts to overtake on single carriageways. We also know that the changes in route standards and numerous minor accesses can also present hazards to drivers unfamiliar with the road. Given the rightful popularity of Perthshire and the Highlands as tourist destinations this has always been a significant concern.

I also understand that considerable work has been undertaken by officials to look at the effects of driver frustration on driver behaviour. Survey work undertaken just prior to the average speed cameras being installed showed that frustration and, in some cases, even fear of driving the route, were of concern to those who must use the A9 as a lifeline route.

If you add to these issues the lack of reliability of the A9 that can come from incident related closures and a lack of local diversionary routes, it is clear that the A9 has not provided the standard that we expect from our road system.

As you have heard from Alex Neil, when we embarked on our ambition to dual the A9 we were under no illusions of the time that the preparation

work would take and the capital investment that it would entail before we could break ground. However, we understand that major infrastructure comes with local impacts alongside the undoubted benefits. As such, we remain committed to an inclusive and transparent development process that gives local residents and businesses a voice and also respected the outstanding natural environment we were working in.

In short we knew the challenges but were determined to invest in our ambition and to drive progress.

Delivery of the Programme

In 2015 we were able to make use of previous development work and bring forward construction of the Kincaig to Dalraddy project, with the completed dualling works becoming operational in September 2017. In 2019 we were able to progress the Luncarty to Pass of Birnam project, with the completed dualling works becoming operational in August 2021.

In 2021 we launched a Procurement for the Tomatin to Moy project. Three bidders were invited to participate in dialogue, but unfortunately only one tender return was received, which offered a significantly higher than expected price. Following careful consideration, Ministers concluded that an award of the contract at that time would not represent best value for the taxpayer.

Following the outcome of the procurement for Tomatin to Moy, Transport Scotland undertook extensive market consultation with the construction industry to gather views on how contracting opportunities for its major roads projects could attract more interest and generate improved tender competition. As a result of this engagement the New Engineering Contract, with amendments, was adopted for use on a new procurement for the Tomatin to Moy project. This change in contracting approach was welcomed by The Civil Engineering Contractor's Association.

The New Engineering Contract, known in its current version as "NEC4", is preferred by the industry and is widely used across the UK. In addition to the change in form of contract, the terms and conditions adopted by Transport Scotland now offer a more balanced approach to sharing risk between the Scottish Ministers and contractors. This means that although the contract offers less cost certainty for the Government than was achieved by the contract used successfully by Transport Scotland for an extended period of time, it is more attractive to

contractors as they carry less liability for cost increases if particular risk events occur.

Following publication in September this year of the contract notice for the new procurement for the Tomatin to Moy project, Transport Scotland confirmed on 28 November 2023 that three contractors had been shortlisted. Invitations to participate in dialogue were issued to these contractors on 11 December 2023 and a first meeting between Transport Scotland and the individual contractors has already taken place. It is expected that award of this contract will take place in early summer 2024 and, with the completed dualling expected to be operational by the end of 2027, subject to no significant impacts through events such as exceptionally adverse weather.

Delivery Plan to Complete A9 Dualling

In my statement today I set out the delivery plan that has been adopted for completion of A9 Dualling. Developing this plan has been a complex exercise, involving consideration of options that involved procuring all projects using either design and build contracts or the Mutual Investment Model, known as MIM, or a hybrid approach using both forms of contract. In addition to the form of contract, we have also considered how works are sequenced to provide an efficient overall programme that is aligned with the market's capacity to deliver, minimises disruption to road users, and is achievable within wider financial constraints, outlined yesterday by the Deputy First Minister, not least the impact of the UK Government's not inflation-proofing their Capital Budget, which has resulted in nearly a 10% real-terms cut in our capital funding between 2023/24 and 2027/28..

The Government has concluded that the hybrid approach is the best way to complete A9 Dualling. This approach entails, progressing the three remaining A9 Dualling South projects (Pass of Birnam to Tay Crossing, Tay Crossing to Balinluig and Pitlochry to Killiecrankie) as capital funded design and build contracts. In addition, at this time, we anticipate progressing the three A9 Dualling Central projects and the two remaining A9 Dualling North projects via two resource funded MIM contracts, subject to ongoing due diligence and further decision making in late 2025, including an updated assessment of expected market conditions.

As I indicated in my statement to Parliament, work will begin immediately on preparations for the procurement for the next design and build contract, which will be for the Tay Crossing to Ballinluig project, with the contract notice planned for publication in Spring 2024 and contract award expected in Summer 2025. Thereafter, procurement of the Pitlochry to Killiecrankie project and, subject to completion of statutory processes, the Pass of Birnam to Tay Crossing project, will commence in Summer 2025 and Summer 2027 respectively.

Subject to future decision making in late 2025 on the use of MIM contracts, procurement for the two remaining A9 Dualling North projects under a single MIM contract could then commence in winter 2026/27. The second MIM contract, comprising the three A9 Dualling Central projects, could then commence procurement in winter 2028/29.

The hybrid approach will create a rolling programme of construction leading to the progressive opening of dualled sections. By the end of 2030, we anticipate that nearly 50% of the A9 between Perth and Inverness will be operational dual carriageway, rising to 85% by the end of 2033 and 100% by the end of 2035. This means all those who travel on the A9 will see significant benefits from A9 Dualling years ahead of the final section being operational.

I understand that the Committee is now in possession of papers from 2021 that set out the options for funding and procuring the dualling. It is helpful that the information on the challenges around the decision making on capital or resource funding are now publicly available. These papers illustrate the significance of the decision, not just in relation the A9, but in the context of the impact on wider public sector budgets. That is not to say Ministers are not prepared to make those difficult decisions but it does serve to show that matters are far from straightforward and various factors must be balanced to get the dualling that we all want in a way that we can afford and that doesn't prevent us meeting our other needs and ambitions. It is important to note that the wider economic environment has been particularly volatile in recent years, and that the assessment of absolute and relative costs set out in earlier papers has had to be updated on a number of occasions to reflect significant changes in market conditions, including recent increases in costs of borrowing.

Costs and Benefits

As part of our work, Transport Scotland has prepared updated total scheme cost estimates for each project. The total cost of the programme is now estimated at £3.7bn at April 2023 prices. When adjusted for inflation, that is equivalent to £2.45bn at April 2008 prices, which is well within the original cost estimate of £3bn at 2008 prices.

The improved safety expected from dualling is a crucial benefit from A9 Dualling. It is forecast that A9 Dualling will result in an average of 3 fewer fatality casualties and 6 fewer serious injury casualties each year. Dualling will see driver stress and journey times for emergency vehicles reduce. Dualling also offers resilience, limiting the need for lengthy diversions.

The A9 is critical to the movements of freight, business and leisure travellers. Dualling improves reliability and reduces average times of journeys by 20%, which is a reduction of around 26 minutes for a journey between Perth and Inverness. This is transformative for a route that serves 35% of our land mass and carries around 10% of Scotland's GDP in terms of cargo.

Stakeholder Engagement

I know that this update on the delivery plan for A9 Dualling has been keenly anticipated by all stakeholders, representing the many Scottish communities and businesses for whom the A9 is essential. I'm acutely aware of the strength of feeling on this issue.

As I indicated in my statement, comprehensive stakeholder engagement on this delivery plan will begin early in the new year, building on the extensive engagement already undertaken. I will today invite all interested MSPs to attend a briefing in Parliament as a first step. Regular engagement will continue as the programme progresses, including with local communities on individual projects.

Anyone with an interest in the A9 can also register for email updates at www.a9dualling.scot prior to the full launch of a new A9 Dualling website early in the new year. We will advertise engagement opportunities here and also through media and social media channels as normal.

Statutory Processes

In my statement to Parliament today I confirmed that next year the Government will complete the statutory process for the three outstanding schemes (with Ministerial consent Killiecrankie to Glen Garry, Crubenmore to Kincaig and Dalraddy to Slochd) and will acquire the necessary land to support the procurement timetable.

Ministerial decisions to complete the statutory process are already confirmed for over 92% of the programme. The only project not to have started statutory processes yet is Pass of Birnam to Tay Crossing, and today, I confirmed that the preferred route for this section includes a number of the elements of the community's preferred option, including a roundabout at Dunkeld and the junction layouts at The Hermitage and Dalguise. Further details of the preferred route are available on Transport Scotland's website and local communities and road users will have the chance to see and comment on our plans at public exhibitions at the end of January.

Summary

This Government has restated its firm commitment to completing A9 Dualling between Perth and Inverness with a clear delivery plan.

The approach I have set out means that the Highlands can have confidence that the considerable benefits of A9 Dualling will be delivered in full.

As I noted in my statement, under this delivery plan there will be no let-up. When construction starts on Tomatin to Moy next year, it will roll continually until the route between Perth and Inverness is fully dualled.

I trust that this written statement is helpful to the inquiry process and I will be happy to provide evidence in person to the committee at the earliest opportunity.

Yours sincerely

MAIRI MCALLAN