

Minister for Transport submission of 29 January 2024

PE1610/WW: Upgrade the A75 and PE1657/TT: A77 upgrade

Thank you for your letter dated 5 January 2024 regarding *PE1610: Upgrade the A75 and PE1657: A77 upgrade* and requesting updates on the STPR2 delivery plan. This is the first opportunity that I have had to respond to the committee on this matter, since my appointment as Minister for Transport. I will set-out my response to the points you have raised in turn below.

STPR2 Delivery Plan

As highlighted by the Deputy Finance Minister in her letter to the Public Audit committee [Letter from the Deputy First Minister and Cabinet Secretary for Finance to the Convener of 21 November 2023 \(parliament.scot\)](#) on the 21 November 2023 and during the pre-budget speech, the Scottish Government is facing a real terms cut in our capital budget.

The flat and falling funding trajectory from the UK Government will and has significantly impacted our ability to deliver on our capital infrastructure commitments. The UK Government have not inflation-proofed their Capital Budget which is forecast to result in 9.8% real terms cut in our capital funding over the medium term between 2023-24 and 2027-28. Given the worsening outlook for capital, it will take more time to prepare the multi-year capital allocations and to refresh the infrastructure investment pipeline. We are therefore having to make tough decisions on our infrastructure projects pipeline to ensure we spend within our means while delivering for the people of Scotland.

Development of the STPR2 delivery plan is underway. This takes account of the current financial climate and is examining existing schemes across all modes in addition to the STPR2 recommendations. This is a complex piece of work, particularly given the substantial financial uncertainty beyond a single year, with consultation ongoing across the Scottish Government, including with Statutory Bodies and Exchequer officials. This exercise will allow for the timeline for the

publication to be confirmed and confirm any statutory requirements, which of course Parliament will be informed of at the earliest opportunity.

Please be assured that my officials, the Cabinet Secretary and I are working towards the earliest possible publication.

In a positive step forward, and by way of an update to Mr Stewart's letter to the committee in May, I can confirm that the Scottish Government has secured a commitment from the UK Government for multi-year funding of £8 million. This money comes from the Union Connectivity Development Fund and was successfully secured following approval of the previously noted business case to undertake design development work on the A75 to bypass the villages of Springholm and Crocketford. My officials are now progressing the detailed arrangements with the UK Department of Transport, including securing the allocation of funds for next financial year.

Recommendation Timescales

STPR2 is a long term vision of this government's ambition for transport investment and highlights projects that we must invest in over the next 20 years. The delivery plan will follow the same principles.

The intention is that the delivery plan will set out how we intend to deliver the 45 STPR2 recommendations including Recommendation 40 covering the A75 and A77, noting of course that a significant number of these are already underway or in development. As you would expect with any 20 year programme, some elements will not commence immediately and are subject to suitable resources and funding being in place. The level of detail will depend on the scale of recommendation, stakeholders involved, expected funding sources and the complexity involved in delivery. Given the range and scale of some of the projects that are recommended within STPR2, these will have their own statutory processes to be completed and will be subject to future capital spending reviews for funding allocation.

Assigning Priorities

In developing the delivery plan use is being made of a multi-criteria approach to assist with assessing each recommendation and how that planned investment will contribute to delivering the objectives of the National Transport Strategy. Set against this and as I have noted above in response to your first query, we are currently working within an extremely challenging fiscal position and therefore need to make a take

account of expected future funding to help with determining “value for money” of this range of recommendations.

Given the high degree of uncertainty that has existed over the last 18 months, with respect to current and future funding position this has significantly delayed how we have been able to assess this aspect. Lastly, we must also factor in how we deliver in our current range of transport priorities and commitments, whilst also delivering our statutory duties and requirements on the trunk road and rail networks, together with the planned investment on ferries, buses and active travel. The Plan will be transparent in explaining the way we have approached prioritisation.

I would like to thank the committee for their continuing work on the issue and hope that this submission provides the clarification needed on the queries that have been raised.

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