

## Briefing for Cabinet Secretary for Economy, Jobs and Fair Work, dated 24 August 2017

Cabinet Secretary for Economy, Jobs and Fair Work,

### A9 Dualling Programme: Funding Required for 2025 Delivery

#### Purpose

1. To provide the Cabinet Secretary with an update on the estimated funding required to achieve delivery of the A9 Dualling Programme by 2025.

#### Priority

2. Urgent

#### Background

3. The stated intention of Scottish Ministers is to complete the dualling of the A9 between Perth and Inverness by 2025.

4. A summary of the current status of all 12 projects is contained in the table below. Note that two projects have been combined following route options work making 11 projects comprising the current design programme:

Programme Section	Length (km)	Level of Design Development at July 2017
Tomatin to Moy	8.52	Draft Order publication late 2017
Dalraddy to Slochd	24.05	Draft Order publication early 2018
Kincraig to Dalraddy	7.50	Under construction. Completion September 2017
Crubenmore to Kincraig	18.36	Draft Order publication early 2018
Dalwhinnie to Crubenmore	7.71	Draft Order publication late 2017
Glen Garry to Dalwhinnie	12.19	Draft Order publication late 2017
Pitagowan to Glen Garry	10.78	Draft Order publication late 2017
Killiecrankie to Pitagowan	10.70	Draft Order publication late 2017 (now combined with Pitagowan to Glen Garry)
Pitlochry to Killiecrankie	5.50	Draft Order publication late 2017
Tay Crossing to Ballinluig	8.44	Draft Order publication early 2018
Birnam to Tay Crossing	7.30	DMRB Stage 2. Now entering into a co-creative process with the local community to

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		revisit options work in the context of community objectives.
Luncarty to Birnam	9.50	Statutory processes complete. In procurement. Advance works expected to start on site later this year with main construction expected to commence in 2018.

5. The cost estimates have been revisited at the end of DMRB stage 2 and again during DMRB stage 3 (preferred route design). The latest estimates are showing some value for money efficiencies in terms of earthworks balance and reuse of structures. We do not anticipate any change from the previously advised and published range of £1.5 billion (Q2, 2013 before inflation) to £3 billion (outturn) to remain valid, although these construction estimates will be refined as project designs continue to develop. The costs to prepare and develop the programme primarily in the current and following three years are regarded as reasonably firm estimates.

6. The current committed and anticipated construction expenditure is noted below

Section	2018-19	2019-20	2020-21	
Kincraig to Dalraddy	9.42	0.1	0.1	Currently Legally Committed
Luncarty to Birnam*	50.8	45.7	2.0	Legally committed during 2017-18

\* Procurement currently underway, award expected in Spring 18

### Expenditure

7. The estimated annual expenditure (in millions of pounds) required to achieve delivery by 2025 is as noted in the table below. The total estimated expenditure is £2.865 billion and the costs noted include preparations costs, land and construction.

17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
48,421	57,326	244,472	368,365	449,192	512,692	454,667	454,347	276,135

The figures in the table able exclude costs for Kincraig to Dalraddy and Luncarty to Birnam

### Programme

8. This spend profile is based on a capially funded delivery programme as noted in the table below and assumes that there are no delays incurred as a consequence of PLI's or other issues highlighted during the statutory processes. This approach has been taken at this stage in the absence of an agreed private finance model that delivers an off balance sheet solution and agreed by Ministers. A detailed cash flow forecast showing preparation and current construction estimates is attached as a separate spreadsheet.

<b>Year in which construction commences</b>	<b>Scheme</b>
2019/20	Pitlochry to Killiecrankie Glen Garry to Dalwhinnie Dalwhinnie to Crubenmore
2020/21	Crubenmore to Kincaig
2021/22	Tomatin to Moy Tay Crossing to Ballinluig
2022/23	Killiecrankie to Glen Garry
2023/24	Pass of Birnam to Tay Crossing Dalraddy to Sloch

Note that for a project funded by capital, procurement would be required to commence 12 months prior to construction. Should a potential revenue funded alternative to the current NPD approach be developed would only impact on the construction cost of projects towards the latter stages of the programme and would likely include projects which could be constructed from late 2021/2022 onwards.

### **Conclusion:**

9. The Cabinet Secretary is asked to note that:

- a) The target of completing the dualling of the A9 between Perth and Inverness by 2025 is challenging but remains achievable, subject to successful progress of statutory processes and agreement of the approach to delivery by close 2017;
- b) The available window to procure to the required programme is diminishing. In effect, the current profile will require an intensive construction programme with up to four or five schemes being constructed simultaneously over some 50km between 2019 and 2025;
- c) **Any reduction in this spend profile in the next three years to support the development and procurement of the programme will place the 2025 completion commitment at significant risk;**
- d) Where possible, we are de-risking the main construction contracts by undertaking advance works. The budget for these is included in the £2.865bn figure above.
- e) The programme and spend profile in this note are based on current estimates and will be refined as the design for each project develops.

Inquiry into A9 Dualling Programme – documents provided by Transport Scotland

Further Detail	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
A9 Dualling Traffic Modelling (through TTAA)	500	500	500	500	500				
A9 Dualling Tomatin to Moy - Preparation	5,356	5,671	2,831	1,653	1,657	1,600	328	10	10
A9 Dualling Tomatin to Moy - Land		1,283	535	321					240
A9 Dualling Tomatin to Moy - Construction				2,000	83,000	83,100			
A9 Dualling Tay Crossing to Ballinluig - Preparation	5,062	1,911	1,730	1,547	1,551	1,600	10	10	10
A9 Dualling Tay Crossing to Ballinluig - Land			2,021	842	505				375
A9 Dualling Tay Crossing to Ballinluig - Construction				2,000	90,035	90,135			
A9 Dualling Pitlochry to Killiecrankie - Preparation	4,907	1,954	1,680	1,547	385	10	10	10	10
A9 Dualling Pitlochry to Killiecrankie - Land			914	381	228				170
A9 Dualling Pitlochry to Killiecrankie - Construction		1,300	90,065	90,165					
A9 Dualling Pitagowan to Glengarry - Preparation	3,182	4,094	1,293	593	1,445	1,494	1,600	1,706	328
A9 Dualling Pitagowan to Glengarry - Land		1,420	592	355					265
A9 Dualling Pitagowan to Glengarry - Construction					1,600	73,700	73,800	73,700	
A9 Dualling Pass of Birnam to Tay Crossing - Preparation	2,106	2,632	2,107	328	332	1,600	1,706	1,812	1,918
A9 Dualling Pass of Birnam to Tay Crossing - Land			1,604	668	401				300
A9 Dualling Pass of Birnam to Tay Crossing - Construction						4,700	94,973	95,073	94,973

Inquiry into A9 Dualling Programme – documents provided by Transport Scotland

A9 Dualling Killiecrankie to Pitagowan - Preparation	3,696	4,524	1,660	593	2,656	1,494	1,600	1,706	328
A9 Dualling Killiecrankie to Pitagowan - Land		1,415	590	354					265
A9 Dualling Killiecrankie to Pitagowan - Construction					1,600	104,567	104,667	104,567	
A9 Dualling Glen Garry to Dalwhinnie - Preparation	3,432	2,916	1,771	1,441	1,551	328	10	10	10
A9 Dualling Glen Garry to Dalwhinnie - Land		1,761	734	440					330
A9 Dualling Glen Garry to Dalwhinnie - Construction		2,100	75,000	75,100	75,000				
A9 Dualling Dalwhinnie to Crubenmore - Preparation	4,542	3,446	2,281	1,691	1,901	678	610	610	560
A9 Dualling Dalwhinnie to Crubenmore - Land		1,019	425	255					190
A9 Dualling Dalwhinnie to Crubenmore - Construction		1,200	40,833	40,933	40,833				
A9 Dualling Dalraddy to Slochd - Preparation	8,952	11,555	3,546	1,123	1,127	3,190	3,190	3,190	3,190
A9 Dualling Dalraddy to Slochd - Land			2,997	1,249	749				500
A9 Dualling Dalraddy to Slochd - Construction						3,200	171,633	171,883	171,633
A9 Dualling Crubenmore to Kincaig - Preparation	6,686	6,625	2,836	2,183	2,287	2,330	530	30	30
A9 Dualling Crubenmore to Kincaig - Land			2,727	1,136	682				500
A9 Dualling Crubenmore to Kincaig - Construction			3,200	138,967	139,167	138,967			
	<b>48,421</b>	<b>57,326</b>	<b>244,472</b>	<b>368,365</b>	<b>449,192</b>	<b>512,692</b>	<b>454,667</b>	<b>454,317</b>	<b>276,135</b>