

Citizen Participation and Public Petitions Committee

2nd Meeting, 2024 (Session 6), Wednesday 7
February 2024

Inquiry into A9 Dualling Programme: Evidence session

Background

1. This paper provides a brief overview of the Committee's inquiry into the A9 Dualling Programme and its consideration of petition [PE1992: Dual the A9 and improve road safety](#).
2. The subject of this petition falls within the remit of the Net Zero, Energy and Transport Committee. The Net Zero, Energy and Transport Committee nominated its Convener, Edward Mountain MSP, to be a reporter following an invitation from the CPPPC Committee.
3. Initial consideration of the petition included inviting written evidence from community councils, the transport and engineering industry and road safety organisations. All written submissions received to date are available on the [petition's webpage](#).
4. The Committee also heard oral evidence from the Petitioner, the Civil Engineering Contractors Association Scotland, and Transport Scotland officials at its meeting on [14 June 2023](#).
5. Public views relating to methods for dualling the A9, road safety measures, and the proposals for a national memorial were gathered via a consultation on the Parliament's [Your Priorities platform](#), which ran from 9 August to 15 September 2023. Additional responses which could not be uploaded to Your Priorities are available on the [inquiry webpage](#).
6. In September 2023, the Committee agreed to elevate its scrutiny of petition PE1992 to the level of an inquiry.
7. The Committee heard evidence from the former Cabinet Secretary for Infrastructure and Capital Investment, Alex Neil, on [4 October 2023](#).

8. In October 2023, the Committee wrote to the Scottish Government requesting copies of advice provided to Ministers on progress to dual the A9 between 2012 and 2023. A briefing from the Scottish Parliament Information Centre (SPICe) summarising the material provided by Transport Scotland is available on the [inquiry webpage](#).
9. The Committee also agreed to invite written evidence from former Cabinet Secretaries and Ministers who held portfolio responsibility for infrastructure and transport between 2012 and February 2023. All responses received to date are available on the [inquiry webpage](#). Transport Scotland have also provided a document highlighting ministers in receipt of advice relating to A9 dualling and which Cabinet Secretary or Minister held portfolio responsibility for the project during the period 2012 – 2023.
10. The Cabinet Secretary for Transport, Net Zero and Just Transition provided a statement to Parliament on 20 December 2023, setting out the Scottish Government’s plans for the completion of the A9 dualling programme by 2035. The Official Report of the Cabinet Secretary’s statement is available on the [Parliament’s website](#). Following the statement, the Cabinet Secretary also wrote directly to the Committee, and a copy of the correspondence is included at **Annexe A**.
11. At its meeting on 24 January, the Committee heard further evidence from the Civil Engineering Contractors Association (CECA) Scotland, and current and former senior officials from Transport Scotland. The Official Report of this evidence session is included at **Annexe B**.

Today’s meeting

12. At today’s meeting, the Committee will hear evidence from –
 - Màiri McAllan MSP, Cabinet Secretary for Transport, Net Zero and Just Transition.

The Cabinet Secretary will be supported by –

 - Lawrence Shackman, Director of Major Projects, Transport Scotland
 - Jo Blewett, Head of Sustainable Transport Projects, Transport Scotland
 - Rob Galbraith, Head of Project Delivery, Transport Scotland.
13. This evidence session will provide the Committee with the opportunity to reflect on the evidence it has gathered to date to identify lessons for the future, and to explore any possible weaknesses in the planned project delivery and how these might be addressed.

Clerk to the Committee

Annexe A

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 Kinraig 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

Annexe B

Extract from Official Report of Inquiry into A9 Dualling Project on 24 January 2024

The Convener: Item 3 is our inquiry into the A9 dualling project and, as colleagues and those who are following our proceedings in relation to this inquiry will see, we are joined once again by Edward Mountain, who is here in his capacity as a reporter from the Net Zero, Energy and Transport Committee. Good morning to you, Edward. I nearly said the net zero and Edward committee there—I do not do what an Edward committee would do if there were such a thing.

Edward Mountain (Highlands and Islands) (Con): It would be brilliant. [Laughter.]

The Convener: I am sure that it would have a full agenda.

Grahame Barn from the Civil Engineering Contractors Association Scotland is joining us this morning. Good morning, Grahame, and welcome to our proceedings. Later this morning, we will hear evidence from current and former Transport Scotland officials.

As members will be aware, since we last considered the issue, the Cabinet Secretary for Transport, Net Zero and Just Transition updated the chamber on the Scottish Government's plans for dualling the A9. The committee has also received material from Transport Scotland with information about the advice on the A9 dualling programme that was provided to ministers between 2012 and 2023.

As the Scottish Parliament information centre summary of evidence notes, the documents range from brief extracts of draft budget proposals for ministerial consideration to lengthy briefing documents for major parliamentary announcements—and, my goodness, there were plenty of them. There was certainly a lot of material to digest.

It is worth remembering that the committee is not only interested in the circumstances of everything that has gone before; it is also concerned to ensure that we deliver on the aims of the petition, which are that the A9 project is completed and that consideration is given to having a memorial for the people who have perished during this period due to road traffic incidents on the A9.

Mr Barn, are you content for us to move straight to questions this morning?

Grahame Barn (Civil Engineering Contractors Association Scotland): Yes, I am, convener. Before we begin, I would like to offer my apologies to you. I obviously never got the memo about the dress code for this particular online committee, so I apologise for that.

The Convener: I think that you look very fetching and smart, Mr Barn. I do not think that you need to be concerned at all.

Fergus Ewing (Inverness and Nairn) (SNP): With your permission, convener, I will raise one matter at the outset of today's public session. The documents that were furnished by Transport Scotland initially maintained that, for an unspecified period, I was the lead Scottish Government minister for infrastructure projects. That is wrong. I was never the lead minister. I was, of course, bound by collective responsibility and I was, for a while, copied into some material. That practice of receiving copied material ceased in 2018.

I took the matter up with the help of our clerks and then directly with Transport Scotland. That led to Transport Scotland acknowledging that the assertion that I was the lead minister was an error. It kindly apologised for the mistake, and I am happy to accept that apology, but I wish to make that clarification on the record.

The Convener: Thank you, Mr Ewing. I think that that is appropriate. That clarification will now appear in the Official Report of the meeting.

We can now enjoy talking with Mr Barn. I will start with a more general question. Is that product placement that you have on your mantelpiece there, Mr Barn? I am looking at the Costa mug. I assume that no sponsorship fee is being paid.

Grahame Barn: None whatsoever, convener. I was just making myself ready for a possibly lengthy session with some caffeine to keep me going.

The Convener: Do you have any views on why Transport Scotland said that it would fail to meet its original 2025 deadline for the A9 dualling programme? What is your overall impression of why that did not happen?

Grahame Barn: I have no evidence to back this up at all, but I believe that it was because the political will to provide the funding required to do the job just was not there when required.

The Convener: It was as straightforward and as simple as that.

Grahame Barn: That would be my assertion, yes.

The Convener: Was that due to a lack of direction?

Grahame Barn: I am not sure that it was because of a lack of direction. A promise was made to dual the A9; once the promise had been made, perhaps there was not the necessary rigour in ensuring that certain things were done at certain times to ensure that the target was met.

I believe that the target was achievable—it was difficult and challenging, but it was achievable. However, perhaps other political priorities took over. Funding might have been diverted away or it might never have been there in the first place to enable the

sections to be done and to allow the programme to be completed within the time frame.

The Convener: I ask because this is a theme to which I might return with other witnesses. In the 2007 to 2011 session of Parliament, I was the convener of a hybrid committee that was established to work on the Queensferry crossing. It was responsible for identifying the route and the design of the project. The committee then offered to Government, with the support of Parliament, a project that was agreed in terms of what it was going to deliver. That then had to be taken forward by the Government to ensure that the project was completed.

I talked about a lack of direction. Do you feel that there was clarity around what the A9 project would encompass at all points, or that there was vagueness about how different sections would be progressed—as it seemed to me in some of the documents that I was reading—that would have allowed things to drift slightly?

Grahame Barn: There are elements of truth in what you say, convener. When the promise was made, there probably was not an exact plan of the exact route that the A9 would take: land would have had to be purchased and a number of public consultations would still have had to take place after that. There was perhaps not the rigour around carrying out all that work in time to ensure that the target was met. Once there is drift in a project of that size and scale, it is difficult to make it up quickly. The issue is that a promise was made and then, from a political stand point, it was, “Job done”, rather than, “Okay, that’s the easy bit done, the difficult bit now is delivering on that promise”.

The Convener: Interestingly, that was the issue with the Queensferry crossing, in that the committee anticipated the need for public inquiries at various points in relation to the route, because the route and not the bridge itself was, by far, the most complicated aspect of that project.

Before I move to colleagues, I turn to what seems to be at the hub of much of what I have read. Does the industry think that the current approval processes for major road and other infrastructure projects in Scotland have proved to be fit for purpose? If not, what needs to happen to make them so?

Grahame Barn: On too many occasions, the statutory processes that we go through tend to slow down critical infrastructure projects across Scotland. I am not just talking about roads here—it also happens on other critical infrastructure. The planning system needs to be looked at seriously to ensure that the country has the infrastructure that it needs in place when it needs it. This issue of the statutory processes that have to be gone through is on-going for any major infrastructure projects. Although it is absolutely correct that we go through some statutory processes, they can be used to slow down projects along the way.

Fergus Ewing: Good morning, Mr Barn. I have three questions, which all look to see how best we can complete the promised dualling of the A9.

First, in your evidence last June, you kindly set out the changes that you felt would need to be made to the procurement process. I believe that you broadly advocated, inter alia, that the NEC4 contract—the type of contract that is used elsewhere in the United Kingdom—be adopted. We recently had a briefing from the Cabinet Secretary for Transport, Net Zero and Just Transition that this has now happened in relation to the retender of Tomatin to Moy. Are you able to say yet whether the industry is now satisfied that the form of contract that Transport Scotland is now apparently proposing to use—Transport Scotland accepted the thrust of your arguments last June as industry’s voice, which is very welcome—is sufficient and satisfactory to your members?

Grahame Barn: I would like to thank Transport Scotland for taking that leap to change to NEC4. It was a large leap for Transport Scotland, and it took it.

Transport Scotland has its own specific terms and conditions, but that is not unusual—many clients will amend the NEC to suit their own needs. The fact that a number of contractors have bid for the Tomatin to Moy section is encouraging and it tells me that contractors are content with the terms and conditions that Transport Scotland is offering. Although contractors will always moan that it is not perfect, the fact that they have bid for it is a huge step forward because we did not have a sufficient number of bidders in the past.

Fergus Ewing: It is a tribute to your advocacy that this welcome change has come about. Perhaps the committee’s evidence in public helped to encourage that process.

My understanding is that the level of profit that has routinely been agreed or provided in past contracts has been around 3 per cent, which seems to me a very thin return for work which will still involve a considerable risk, even though some risks are now to be shared rather than passed solely to your members. I want to raise an issue—of which I know that you are aware—which is that many other types of work are available in the civil engineering sector in Scotland and throughout the UK. I believe that substantial works in the railway infrastructure and the electrification thereof and the pump storage projects in three or four locations in Scotland might tie up civil engineering capacity for much time to come. There are also green freeports and renewable and onshore wind civil engineering works as well as routine hospitals and schools and so on. Does Transport Scotland need to revise its view of the appropriate and fair level of profit and, if it does not do so, is there a risk of your members going after other work that might well be more profitable than roads contracts? I raise the issue because, although we might have a willingness now for the Scottish Government to provide finance for the dualling, my concern is that there

might not be sufficient or willing capacity in the civil engineering sector to perform the work.

Grahame Barn: On the level of profit of 3 per cent, historically contractors would have done somersaults if they could have regularly achieved 3 per cent on lots of infrastructure jobs. The reason contractors were no longer bidding for Transport Scotland work in recent years is that all principal contractors lost money on all the major road building projects, such as the Queensferry crossing, the Aberdeen western peripheral route and many more. That is why we had a situation where, until things changed, contractors decided that it would not be a good use of their resources to bid for Transport Scotland work. With the use of the NEC4 contract, we now have that change that allows for greater sharing of risk and the opportunity to make money. Although I am sure that contractors would want to make more, if they make 3 per cent, they will be happy with that.

To answer your questions about the situation in the wider marketplace and civil engineering work in the public sector, we go through times when the clients have the upper hand and can therefore be quite hard-nosed about the sharing of risk and profitability, but we also have rare occasions where contractors have the upper hand—when there is plenty of work and they can choose whom they wish to work for. I believe that we will now go through a decade or a decade and a half where contractors have a great choice of work and of whom they wish to work for.

To give an example, we laid out SSE's workbook when I met it yesterday and the numbers are astonishing. SSE is just one client, and it is looking at a spend of £20 billion in the next five years in the north of Scotland and a further £20 billion up to 2030. We are looking at a potential spend of £40 billion by one particular client in Scotland in the next six, seven or eight years. That is a phenomenal amount of money—one private client is spending more than the Scottish Government will spend on infrastructure in total in that period of time.

In addition to that, Scottish Power has just announced that it has a framework coming up for a £5.4 billion upgrade to its energy systems in the next 10 years. In the transfer and generation of electricity sector alone, £45 billion or £46 billion is being spent by just two clients in Scotland. Those are phenomenal numbers.

On top of that, Network Rail and Transport Scotland will spend about £3.5 billion to electrify the rail network and Scottish Water will spend £1 billion per annum in the next two years on its infrastructure. That is a huge spend for the civil engineering sector in Scotland. Unlike at any other time when I have been involved in the sector, Scotland is busy whereas England and Wales are less so, so you might find a drift of contractors moving from England to Scotland to deal with that work. That is what will have to happen, because we just do not have the capacity to do all this work in Scotland. That is just to give you a flavour, Mr Ewing, of how incredibly busy the industry is and will be for some substantial time.

CECA has high-level meetings with all the major clients, one of which is Transport Scotland. I will meet Transport Scotland on Friday this week and give it an overview of the sector, as I do at every meeting with all clients. Transport Scotland will be made aware, if it does not already know—I suspect that it does—just how busy the sector will be and how difficult it might be to get the necessary supply chain in place to deliver the work that you require if you are not prepared and do not understand that you have to be competitive to be able to secure it.

Fergus Ewing: That is really helpful. I was keen to raise the issue because we blithely assume that, if the money is there, the work can be done. In light of what you have said, that assumption might prove to be naive and optimistic, particularly with the grid work, which—I should have mentioned—has been £40 billion, which is astronomical. We might be left as the Cinderella of the civil engineering sector for roads projects. That is the concern that I wanted to raise.

To close the question, I put to you that the solution is that Transport Scotland must work more collaboratively with industry as partners, not as passive recipients of an occasional piece of work when the Government decides to get around to it, but as partners with the Scottish Government, so that it can keep abreast of the ever-changing commercial realities and challenges that might make it difficult for the Scottish Government to achieve the dualling of the A9, such as capacity and the fact that there might be other, more competitive and financially attractive work for your members.

Grahame Barn: That is correct.

Fergus Ewing: Okay.

Edward Mountain: In relation to that point, are the capacity issues that you have just identified the major consideration in delivery of the project by 2035, or do you believe that, notwithstanding those capacity issues, 2035 ought to be an achievable date?

Grahame Barn: That would depend on how Transport Scotland wishes to procure dualling of the A9. It must engage with contractors and ensure that it has long-term relationships with them so that it has the supply chain in place, when it is needed.

That will require Transport Scotland to do two things. The first is that it must have an open relationship with contractors—which it sometimes finds difficult to do, perhaps because of contract law and procurement law.

The second is that it has to have to have a genuine and believable pipeline of work. Contractors will commit resource to Transport Scotland because they can see that it is committing seven or eight years' worth of work to them. However, in the past, procurement has been for a section of road at a time. That is quite difficult, because if it is procured one section at a time, contractors then have to hang around for a

couple of years while everything goes through before they can get any diggers on to the site.

A different approach will be required, but that will require political will to ensure that the money is in place so that Transport Scotland officials can, with some degree of certainty, have a conversation with contractors, so that the money is in place for a particular project and so that it can work on long-term relationships with a pipeline of work. That will mean that contractors can have faith that the work will be there when Transport Scotland says it will.

The Convener: I have read into some of the narrative of your response to my question that it seems that an atmosphere such as you spoke of has not been widely apparent in conduct in the progress of the project to date.

Grahame Barn: Yes, that has been the case in the past. There have to be changes in behaviour on both sides, and there has to be greater trust between Transport Scotland and contractors. A change in behaviour is needed, if we are to deliver in the timeframe. I want to emphasise that it is possible to deliver in that time, but we have to be aware that the world is a different place from what it was, say, 15 years ago.

Foyso Choudhury (Lothian) (Lab): I have a very short question. Would you estimate the completion date for Transport Scotland's programme to be accurate? If not, what estimate would you give?

Grahame Barn: I can only believe that Transport Scotland has looked at that and can go through all the statutory processes and buy whatever land it needs, all in the timeframe. If that sounds like a cop out, I am sorry, but at this stage, with the information that I have in front of me, all that I can say is that I think that the timeframe is achievable, but lots of other targets must be achieved—which the contractors have no control over—to make sure that that target is met.

The Convener: Mr Torrance, do you have an insightful question?

David Torrance: Yes. Thank you, convener.

Mr Barn, I will go back to your original answer about planning for dualling the A9. Is it not very difficult for the Government to do long-term procurement and planning when it only gets a year-on-year settlement and does not know what that settlement will be?

Grahame Barn: I am sorry, Mr Torrance, but that is beyond my area of capability; I do not understand the settlements that you are talking about.

All that I can say is that delays in statutory processes have an impact on the delivery of projects. There is a date in mind, and it might be that officials believe that it will take them two years to go through statutory processes. However, if it turns out that the statutory processes take four years, it will be next to impossible for a contractor

to make up two years when we start on the project. That is why I said that a lot of things need to fall into line within the timeframes that Transport Scotland officials have calculated, if we are to be able to say that the project will be done on time. Everything being equal, and if we get all the statutory processes done in the timeframes that we expect them to be done in, I believe that contractors can build that road in the timeframe that has been given.

David Torrance: Do you consider that the estimated budget of £3.7 billion for the full A9 dualling programme at 2023-24 prices reflects market reality? If not, what do you consider to be a realistic figure?

Grahame Barn: Again, it is hard for me to answer that question. A lot has happened in respect of construction inflation, which has been eye watering in some cases. I think that we are now getting past the really high levels of construction inflation, but resource is very tight and very scarce. By resource, I mean people. Where there is a shortage of anything, you tend to have a price increase. There is still price volatility in relation to what we pay people to do the work. Such major projects are very labour intensive, and very skilled engineers and specialists are involved, as well as very well-paid operatives who work the plant and equipment to do the work on the ground.

Therefore, the unknown is what is going to happen to wages, because there is a definite lack of people and when there is a lack of people and a rising workload, you find that lots of poaching goes on among contractors and organisations, which pushes wages up. The budget has been set and a figure has been given, but I am not party to how Transport Scotland got to that figure.

With regard to where we are on construction costs, the budget is not unrealistic. However, it becomes unrealistic if we do not do the work in the timeframe and there is drift. When there is drift, you have increases to the budget.

That is a very long-winded way of saying that there is nothing in the budget that tells me that it cannot be done for that figure, as long as it is done in the given timeframe. If it drifts beyond that, it will be at the mercy of increasing costs.

David Torrance: Thank you.

I want to ask about timeframes. You just mentioned the lack of people in the construction industry. How could that affect the timescale for the work? As someone who uses the A9 a lot, I know that the environment in that area and the weather conditions at certain times of year make it difficult for people to do any work at all. How would that affect the timescales?

Grahame Barn: That should be factored in to the thinking about the procurement process. We understand those conditions, and the procurement process and the delivery of a lot of the work is scheduled around things such as the weather. It is also scheduled around nature requirements. We cannot go into rivers at certain times of

the year because of spawning and we cannot cut down trees at certain times of the year because of nesting birds.

All that is well understood and is part of the scheduling, so that should already have been factored in to how we do the work and how long it will take to do each section, because the key issues around weather and the key difficulties around overhead lines and power lines will be understood. There are some sections where the work engages very closely with rail; how we deal with that will also have been factored in. All those challenges should have been understood—in fact, they are understood and will be factored in.

However, when it comes to the impact of the weather, for example, who knows what the weather is going to be like? It can have an impact on the timescale. You can lay tarmac only above a certain temperature; if it gets too cold, you cannot lay tarmac. Where we are on the A9, we are at the mercy of the weather, but that comes down to the contract and sharing of risk along the way. For the contractor, the sharing of some of the weather-related risk is helpful, but if the weather affects us, that might cause delays. However, if we have any weather-related problems, the delays will be months, not years.

David Torrance: Thank you very much for your answers, Mr Barn.

I have no further questions, convener.

The Convener: I am delighted to bring in our colleague and reporter from a sister committee, Edward Mountain.

Edward Mountain: Grahame Barn mentioned spawning, which relates to salmon. The A9 is next to the bottom part of the River Spey, and I have a wild salmon fishery on the river, so I have an interest in relation to salmon that is not particularly relevant, but I wanted to make that clear.

The Convener: Is that a declaration from the Edward committee? [Laughter.]

Edward Mountain: Yes, it is from the Edward committee. I have no land next to the A9.

Grahame, I want to go back to the comment that you made about statutory processes. There were issues with the Aberdeen western peripheral route. No prior work was done relating to some of the infrastructure adjacent to it and we had huge delays because gas pipelines and electricity lines were discovered.

I was a surveyor for 15 years, so I know that the compulsory purchase process is fairly straightforward. On the A9, the process is probably the easiest one in the world to do, because there are not many landowners along it until Dunkeld. Why is the statutory process holding up the project, despite there being few landowners and infrastructure assets running along the edge of the A9 that could be affected?

Grahame Barn: The fact that the A9 runs through a national park could be a key factor in the issue with statutory processes. Because it goes through an area that is designated as a national park, more consultations have to take place and there are many interest groups that have to be consulted along the way, and they can delay progress if they feel that they are not getting the answers to the questions that they ask.

It is a difficulty. The A9 is a long linear road. I agree that there is not a huge number of landowners on the northern parts of the road, but the northern part of it goes through a national park, which brings its own issues.

Edward Mountain: As we found out with the 400kV electricity line that went through it, there will be pressure in relation to the national park.

You mentioned the importance of sharing risk. On the AWPR and the Dalraddy to Kincaig sections of the A9 that I saw being built in the previous session of Parliament, there was huge risk to contractors, so many—as we know—dropped out and would not take part in the construction. Will the first test of whether the industry believes that Transport Scotland is really sharing the risk be when the first problem comes up on the A9 and there is a massive increase in cost, which is bound to happen on some sections?

Grahame Barn: Yes—there will always be discussion between contractor and client on such jobs. We are in procurement at the moment for the Tomatin to Moy section of the A9, so the contractors are aware of the terms and conditions and the risk-sharing profile, and will be pricing their bids accordingly. I have no sight of that detail—I am not allowed to have any, because it is a procurement process—so I do not know what each individual contractor is thinking about risk. However, they will be pricing it and it will be interesting to see what the three contractors' prices are—whether they are close to each other and what the differences are.

I will never see that detail, but I presume that Transport Scotland, which will mark the bids, will see it and has an understanding of how contractors are pricing risk along the way. Once Transport Scotland has awarded the job and there is a contract in place, it is for the client and the contractor to have a discussion if they feel that the risk is unfair but, by that time, the contractor will have signed up to it. The contract is all-important, in that respect.

Edward Mountain: When we listened to the cabinet secretary talk about the A9 project, it was made clear that several sections would happen at once—that the work would not be done just one section at a time—otherwise they would never meet the 2035 deadline. Is there a contractor that is big enough to do all that work, or do you see it involving multiple contractors? Would that approach put off the bigger ones, because they would not see a long-term project going into the future for them?

Grahame Barn: I think that the work will be done in multiple stages—that is how the procurement will go. Although one vast contractor might be interested in doing all the work, we have to understand who will deliver it. The very large operators are managing contractors who do not employ workers directly. They have a supply chain of contractors that physically do the work, and they subcontract packages of work. We might see lots of different contractors—each with their own vans, lorries and plant—working on the road, even if one large managing contractor is delivering the project on behalf of the client.

I suspect that, given what I have said about the scale of the work for SSE that is going on, it is already ahead of the game and is talking to the massive international contractors. It is talking to CECA now, because it understands that it needs a supply chain to help its principal contractors to deliver its work. I think that the A9 work will be done within the timeframe, because that route is critical to getting all the equipment up to and down from the north of Scotland to allow SSE to upgrade the network. That work is being done to ensure that the increased demand for electricity—twice the current amount—that we believe will happen in the next decade, can be delivered. The A9 is therefore absolutely crucial to the economy not just of Scotland, but of the whole United Kingdom.

Edward Mountain: Convener, may I ask a final brief question?

The Convener: Yes.

Edward Mountain: Is one large managing contractor with all those other people working underneath it a joint venture by another name?

Grahame Barn: Yes.

Edward Mountain: Will subcontractors have confidence that their risk will be minimised under such an arrangement? One of my big fears is that they will not.

Grahame Barn: Yes. It is within the power of the client to ensure that the terms and conditions that it agrees with the principal contractor are shared down the supply chain. We have exactly that arrangement with Scottish Water. The terms and conditions that it has with its framework contractors are applied down through the supply chain, and the client regularly checks to ensure that that is the case. One way that Transport Scotland could ensure that its supply chain is fairly treated would be to write that into the terms and conditions of the contract. It might have done so already for the Tomatin to Moy section. I am not aware of whether that is the case, because I have not seen the terms and conditions.

The Convener: Finally, Mr Ewing, do you wish to come in briefly?

Fergus Ewing: I will, just to pursue the issue that was raised previously, about framework long-term contracts for your members so that they have guaranteed work—a pipeline, or a preparation pool, as it might otherwise be termed, of work—

over seven or eight years. That is in contrast to the current position: I believe there are no road contracts in Scotland at all at the moment. If we want to get from where we are now to having framework contracts, should we be advocating to the Scottish Government that such an arrangement be deployed? Would you argue that, for that to work, there needs to be much more clarity about the work that will be available over that seven, eight or 10-year period?

Therefore, would you welcome three things? First, would you welcome early clarity on the mutual investment model contracts that are to be used for the central and northern sections of the A9? As I understand the situation, those are still subject to a caveat that they will be reviewed in 2025.

Secondly, would you welcome an early process for made orders relating to the A96 between Inverness and Auldearn, including the Nairn bypass section, so that that would form part of the preparation pool? That section is also a firm commitment of the Scottish Government. Finally, do you agree that, because disruption is a practical factor in relation to how the work is best carried out on the A9, and because you cannot do everything at once—otherwise, the A9 would have to be closed, which is just not possible—would it help to spread the disruption across the network? Would that point to industry desiring that the A96 contract go ahead concurrently with the A9, rather than the ludicrous prospect of having to wait until the A9 dualling is complete?

Grahame Barn: How that work is scheduled has to be thought about seriously. If you were to say to contractors, “You’re all going to be working on the A9 at the same time,” we would find a way to do that. There would be disruption, but we would find a way to do it. The sensible way to minimise that would be to ensure that there are other bits of work going on that would keep the pool of contractors that you are working with busy. It needs a bit of thought and collaboration, and sometimes commitment to other projects.

We are talking about the A9 here, but you mentioned the A96. A political promise has been made on the A96—let us see where that one goes. The Rest and Be Thankful is another probably £500 million project that needs to be done. It is about how all that gets fitted in along with all the other road projects that might come to market.

Fergus Ewing mentioned a framework. A framework approach is a good way of doing things that is used by Scottish Water—it has a framework of contractors—by SSE and by Scottish Power. A framework is a way of ensuring that you have contractors who have the skill set that you need. What the contractors in a framework like about a framework is that they have some security and an understanding about working with the client, so they can make investments in people and equipment to ensure that they have the ability to deliver on the work that is coming in the next three or four years.

Transport Scotland has two frameworks that I am aware of, but the main framework that I am talking about is the trunk road network framework. That framework has Amey and BEAR Scotland in it. That allows those two contractors to invest in the skills and delivery that they need to ensure that our trunk road network is maintained to an acceptable standard.

The Convener: Mr Barn, thank you very much for joining us again this morning. You have given us more time than we had anticipated you would have to give, and your answers have been extremely helpful. We might speak to you again; we certainly look forward to reflecting on everything that you have said today.

Grahame Barn: Thank you, convener. In that case, I will be better dressed the next time we speak.

The Convener: That is your challenge. We will vote on that. [Laughter.]

10:18 Meeting suspended.

10:19 On resuming—

The Convener: We are back. Our colleague Oliver Mundell has had to leave us due to another commitment. I apologise for that to our colleagues and to the witnesses who now join us. I hope that you were able to hear the earlier evidence session. I see that you were. It was very interesting.

From Transport Scotland, we are now joined by Alison Irvine, interim chief executive, and Rob Galbraith, head of project delivery,. We also welcome Roy Brannen, a former chief executive of Transport Scotland, and Michelle Quinn, who is both a former director of major projects and a former interim chief executive of Transport Scotland. A very warm welcome to you all.

You will have observed our previous discussion with Grahame Barn. I want to emphasise that our inquiry has two purposes. First, we have an interest in the events that led to the delays and why we are where we are today in respect of the project. However, secondly, the aim of the petitioner is, of course, the delivery of a completed A9 route and one or two other issues, including a memorial. Our focus is very much on ensuring that we deliver on that. This is not some sort of kangaroo court of inquiry into the events of the past. We are interested in those as they reflect on where we are today and how we can ensure that we complete the project.

If everyone is content, we will move straight to questions, starting with Fergus Ewing.

Fergus Ewing: Good morning. It will be simpler if one person answers a question, rather than all four. Otherwise, we will be here until 5 o'clock. However, I will leave that up to you, convener.

First, I want to pursue the issue, as raised by Grahame Barn, that witnesses will just have been hearing about in the earlier evidence session, namely congestion of work. Grahame painted a very clear picture, setting out that the future will not be like the past. Grid, rail and possibly pump storage work involving tens of billions of pounds is going to be available. Frankly, my concern is that road works might be the tail-end Charlie. I am concerned about that because we have seen the Tomatin to Moy tender fail. A lack of interest in making bids led to that failure. We have seen—belatedly, but it is welcome—Transport Scotland change the policy that has deterred bids and competitive interest; NEC4 is being adopted and the sharing of risk is now being agreed.

Therefore, how can we ensure that, in Scotland, provided that the finance is available, we will be able to do the road work? Will the capacity be available? Do we not also need Transport Scotland to adopt in a full-throated way, and recommend to its political leaders in the Scottish Government, the use of framework contracts and the provision of a preparation pool of work over a long period so that companies will proceed knowing that they are likely to have work over eight years, not one or two years? If you are employing specialist engineers, what prospects do they have if they are guaranteed work for only one or two years? It makes no commercial sense whatsoever. Sadly, that is the situation that we have found ourselves in over the past few years.

It is good that you have moved on the NEC and the sharing of risk. Across the four main parties at least, we all welcome that. However, will you now move to provide a preparation pool over a long period? Mr Barn mentioned some of the main candidates, which we all agree with. Secondly, will you use framework contracts so that companies can have long-term relationships and a partnership arrangement, with the security of knowing that they will have work for their staff and for the company to perform over as long a period as possible?

The Convener: I will turn first to the current holders of office in that respect. Alison Irvine, perhaps between you and Rob Galbraith, you could respond to Mr Ewing.

Alison Irvine (Transport Scotland): I can do that. Good morning. Thank you for inviting us today. I will pick up on a few points in your question, Mr Ewing. Yes, it is recognised that there is a lot of construction work that is in the preparation and planning stages across various sectors. As part of our work to deliver the roads aspect of our portfolio, we do a lot of engagement across those sectors to understand that.

We have also, as you have recognised, made a significant step on the NEC—

The Convener: Alison, could you move your microphone slightly nearer? It is just a little bit hard to hear you.

Alison Irvine: Is that better?

The Convener: That is slightly better. We will do our best to cope.

Alison Irvine: Apologies for that. I can hear you loud and clear.

As I said, we are aware of the extent of planned and proposed construction work that is out there—for example, as was discussed, in the energy and rail sectors—which is why we undertake as much market engagement as we do.

Can you hear me okay now?

The Convener: We are following you, yes.

Alison Irvine: Good.

In terms of the capacity, we keep a close eye on the market; we do a lot of market engagement. As Mr Barn recognised, we have regular engagement with CECA, and we are meeting it again on Friday.

On the framework contract proposition, I would caution that the contracts that we have under consideration along the A9, which is the primary one—the A96 and the A83 were also referred to—are of such a scale that a framework contract would not necessarily be the most appropriate type of contract. We have also got to take into consideration how these projects are to be funded, which has a bearing on the procurement route that we would take.

There is no doubt that improving contractor confidence helps to make the market much more attractive across the different sectors, and we work as hard as we can to do that. I will leave it there for now. Rob Galbraith may want to come in.

The Convener: Mr Galbraith, is there anything that you would like to offer by way of reflection on that question?

Rob Galbraith (Transport Scotland): I might just expand slightly on it. The contracting approach that the cabinet secretary set out in December involves a number of individual design and build contracts and two mutual investment model contracts. Those MIM contracts are not frameworks in the sense that Mr Ewing is describing. They are large packages of work that allow a contractor to make resource plans over an extended period, so they create some of the opportunity that Mr Ewing is alluding to.

Fergus Ewing: I find Alison Irvine's response a bit disappointing, because things have got to change—otherwise, we will find grave difficulty in getting the work done. I say that having listened to industry for some time now and having looked at the history, which has been pretty sad.

Could you turn to the mutual investment model? The outline plan that the cabinet secretary set out recently says that mutual investment model contracts are subject to

“further decision making in late 2025, based on an updated assessment of expected market conditions.”

Can you say what that means? Is there not a worry that it is a caveat that means that the rug could be pulled out from under the process? If that is the case—it must be the case, because that uncertainty is there—does it not defeat the purpose of what we are trying to do, which is to engender confidence in the sector that there will be work for several years to come?

If that is correct—and, respectfully, I think that it must be correct—would it not be better for the Scottish Government to revisit that and make the decision about MIMs as soon as possible? You have had years to deal with that. Frankly, I do not know anybody who understands why so little progress has been made over such a long period.

Specifically, will you consider advising ministers to bring forward the 2025 assessment? Will you look again at how confidence can be engendered in the sector over the long term, whether through framework contracts or other means, such as by the provision of a proper pipeline preparation pool, with a timetable of when the work on the Rest and Be Thankful, the A96 and other key, essential projects for Scotland can be done?

Alison Irvine: On the point about bringing forward the MIM decision from 2025, I can provide some level of assurance to the committee that, as part of reaching the decision that the cabinet secretary outlined on 20 December, we considered a number of funding and procurement routes. We considered a full design and build option and we considered a full MIM option, split into different sections. The optimum option is the one that the cabinet secretary set out on 20 December. That is optimum in terms of market capacity, and we consider it to be optimum in terms of the level of disruption and the challenging financial situation in which the Government finds itself currently.

The next stage in the decision-making process is 2025. That will allow us the time to understand whether market conditions will be more favourable to us and whether the cost situation will improve. Over and above everything else, you will understand that we all have a duty to ensure that there is best value and value for money for taxpayers. The advice, which was accepted, is that progressing a full MIM project is not the best course of action at this point.

I am sorry, Mr Ewing, but I have forgotten the second part of your question.

Fergus Ewing: The basic point was about engendering confidence. I want us to have what we have not had over almost the past three years of this session of Parliament: confidence that a stream of work will go ahead in future.

I want to finish off my point, convener. If there is time for me to come back to entirely different matters, I would appreciate that, but other members will want to have their shot.

I have spoken to companies, which I will not name, that are involved in the provision of private capital—whether that is through MIM or by other means is not really important. There is massive appetite to provide private capital to the Scottish Government, because it is recognised as a secure long-term form of investment. Having spoken to three of those companies, I know that there is a desire in Britain and Europe to provide private capital. That means that there is the potential for competitive interest and for Transport Scotland to get a good deal. That approach would involve less risk than investing in, for example, a private plc.

Given that that appetite exists—I heard Transport Scotland officials acknowledge and corroborate that in the recent briefing that we had—is now not the time to strike forward and make progress, rather than kick the can down the road? My constituents have seen that happening for nearly the past three years, and they are sick and tired of that.

I ask you again, Alison Irvine: will you not look again and urge the Scottish Government to reconsider the timescale? People are worried and very sceptical about whether, when 2025 comes along, there will be rapid moves into procurement of the middle and northern sections, which involve my constituency.

Alison Irvine: We are aware that there is significant private finance interest in the potential work on the A9 dualling programme, because we have done quite a lot of market testing, which was done through the advisers we brought on board, and we have also done a lot of engagement with the Welsh Government, which has used the MIM approach.

If it is okay with you, Mr Carlaw, I suggest that Rob Galbraith says a bit more about the work that we have done on that.

The Convener: Yes, please do, Mr Galbraith.

Rob Galbraith: To pick up Mr Ewing's previous point, I completely agree that there is a high level of appetite from the lending market for opportunities such as those that the A9 MIM contracts would provide. The competition that that would create is around the premium—the profit margin, in effect—that lenders would put on the money that they are lending, but that is not the sole element of price for the cost of borrowing. We have to look at the total cost of borrowing, because the lowest-risk borrowing is usually buying up Government debt. Government debt prices drive the borrowing market prices and, right now, Government debt prices are higher than they have been for a while. That is pushing the total overall cost of borrowing higher than it would have been 18 months or two years ago.

Fergus Ewing: That is not such a factor for long-term contracts. For long-term borrowing, the interest rate levels out. That point that has been put to me by the industry, which says that Transport Scotland does not seem to have understood it.

Rob Galbraith: Just to be clear, the advice that we have received from specialist financial advisers is based on the price that they would expect to be achieved in the market for such borrowing at the expected financial close date, so it is specialist market advice.

Fergus Ewing: Thank you.

The Convener: As we are on this area, I will ask a question before I come to Mr Choudhury.

The committee has received a lot of briefings, and my question partly refers to historical material that we have received. In 2021 and 2022, Transport Scotland's cost estimates for completing the project ranged between £4.5 billion and £6.25 billion. In December, though, the cabinet secretary announced a total programme cost of £3.7 billion at 2023-24 prices. I am keen to try to understand how we have arrived at £3.7 billion, having had those two earlier cost estimates quite recently prior to that.

Rob Galbraith: I can address that if my colleagues wish me to. The figures of £4.5 billion and £6.25 billion that you referred to are for two different things, and they are outturn prices. One will have been for a capital-funded design and build option and the other for a resource-funded private finance option. Both figures included operation and maintenance costs, and future indexation. The quote for £3.7 billion at April 2023 prices does not include forward indexation or operation and maintenance costs. That is what we call a total scheme cost estimate, which has a specific technical meaning that is used in the preparation and construction of contracts.

The Convener: Right. Okay. That is quite interesting, in terms of where we might end up.

Foyso Choudhury: Good morning, panel. I will ask the same question that I asked Mr Barn. How confident are you on the timescale? If you are not confident, what estimated time are you guys thinking of?

The Convener: Who is going to commit to the timescale? Alison Irvine has indicated that she will respond.

Alison Irvine: The earliest completion date by 2035 has been subject to quite a lot of assessment work by the team. It represents what we think is the most realistic date if we combine factors such as market capacity, financial availability and levels of disruption along the route. That does not mean that it is not without risk: none of us would go into a project of this size and scale without recognising that risk exists.

However, we believe that that date is achievable, and there has been quite a lot of testing of it.

Foyso Choudhury: Has reasonable consideration been given to the key reasons for the failure to deliver the project by 2025 resurfacing?

Alison Irvine: We are now in a different place than we were back in 2011-12, when the original 2025 timescale was set out. We have substantially completed the statutory processes, and we have just one section around Dunkeld where that work needs to be completed. That takes out a major element of risk associated with the delivery of the programme. We are now into the territory of risks being around delivery. Looking back, I would say that the work that has been undertaken over the past few years, which has got us to the present time, puts us in a much stronger position to manage the overall delivery of the programme.

As you would imagine, we will take steps to ensure that we have the resources in place in Transport Scotland to do that and to ensure that we have the governance associated with it right so that we can be as open and transparent as possible. We are keeping stakeholders—landowners and other partners—involved as we go through the programme. That is the intention.

Foyso Choudhury: I do not have any other questions.

The Convener: Mr Galbraith, would you like to respond to that?

Rob Galbraith: No.

The Convener: I am sorry. I had a note that you did, but that might have been in relation to the previous question. That is fine.

Alison Irvine: I think that Mr Brannen wants to come in, convener.

The Convener: My apologies. We are crossing wires.

Roy Brannen (Scottish Government): No problem, convener.

I will pick up on the point about the statutory processes, which Grahame Barn also mentioned. Alison Irvine covered it well. We have 92 per cent of the statutory processes through and completed. Way back in 2011, when the original timetable was set out, we estimated about six years to complete the statutory process. Rob Galbraith can say a bit more about why it takes a road project that length of time. Principally, it is because we follow the guidance in the “Design Manual for Roads and Bridges”, which is applicable across the UK. That is a three-stage process—corridor options, then route options, and then a preferred route—and then the preferred route goes through the statutory order process.

The reason why we do that is that we try to get through the statutory process in a way that means that those from whom we are procuring land feel as if they have

been well engaged and that we come through the other end without the need for a public local inquiry. In the case of the A9, we were about one to two years later than we programmed for those statutory processes, but that has resulted in a more engaged approach with 300 landowners.

The scheme is complex, and a lot of people think that it is much simpler than it really is. However, there has been only one public inquiry, which was for the Killiecrankie section. We had a public inquiry for the Luncarty section, but Network Rail pulled out at the last minute, and the other sections required written evidence only. In my experience—I have been driving forward transport projects for more than 30 years—it is unusual to get to a point where you have potentially acquired all that land at the made-order stage without significant disruption through public inquiries.

Grahame Barn mentioned that we have one national park to deal with, but we have 14 scheduled monuments, 12 sites of special scientific interest, seven areas of conservation and two special protection areas along the full length of the corridor, as well as 142 ancient woodlands. It is pretty complex to complete the statutory processes in that period—up to 2019—and get to the point where we move straight into construction.

To answer Mr Ewing's point, the team has now set out a clear plan to the market that the next three schemes will be capital. We will take a decision in 2025 around the availability of money and the price of that money to continue on the next two schemes in the mutual investment model.

The Convener: I referred earlier to the Queensferry crossing project, for which I was the convener of a hybrid bill committee. The internationally renowned engineer David Climie was employed—understandably, on a significant salary—to manage that project all the way through. Given the complexity and the timeline associated with the A9 project, was thought ever given to whether an overall figure should be appointed to manage it? Would it have helped to have had a parliamentary committee that worked with Transport Scotland, as we did successfully on the Queensferry project, to try to navigate the different processes that might have been political obstacles along the way?

Roy Brannen: I chaired the Queensferry crossing board for the last few years of its construction, and Michelle Quinn was the director of major projects and senior responsible owner for the project.

On your first question, the statutory process was, if you will recall, slightly different. An act of Parliament was required for the crossing, whereas the statutory processes involved in taking forward the A9 were different. That is why parliamentary scrutiny is different.

As for the right individual to lead the project, that has been Michelle Quinn. Michelle was the director of major projects and ran not just the A9 project but the AWPR, the

Queensferry crossing and a host of others—the M8, the M73 and the M74—at the same time, most of them to successful completion, and on time and under budget.

For the next stage, the discussion that I am now having with Alison Irvine and the team is about how to set up the next level of oversight as we go through the construction period. As for whether that involves a David Climie-type project director for the next sections, I would just say that, now that we have certainty about what the programme looks like, the issue will be considered by Alison and the team going forward.

The Convener: That was interesting. In that case, I will turn to Michelle Quinn.

Good morning. A number of projects were operating concurrently. Do you have a view as to where the A9 sat in that complexity?

Michelle Quinn (Scottish Government): Throughout that period, we were doing everything that we could to progress the statutory processes, and, indeed, we took forward some of the early schemes such as Kincairdie to Dalraddy. If you cast your mind back to that time, you will remember that we had a number of different projects going on simultaneously right across the country.

To go back to some of the evidence that you have received from Grahame Barn, I would just note that we had a lot of interest in our projects at that time. It is the case that despite or because of the terms and conditions that we had—it depends on how you look at it, I suppose—I was having regular engagement with the construction industry, and we gave it clarity on the way in which we procured projects, and time to understand precisely what its risk profile was going into the projects. We allowed the industry the time to do its diligence.

We need to remember that, during those procurement periods, which in some cases were nine to 12 months long, the contractors undertook their own design. They had opportunities to get significant extra information through additional ground investigation, and they had an opportunity to work through their programme, because of their expertise in that field and their ability to do that. We respected that expertise, but when they submitted tenders, they absolutely assured us that they had done sufficient diligence and were satisfied with the sufficiency of their tenders. In that scenario, we felt it appropriate to award contracts to the most economically advantageous tenderers.

When we make an award, we are all locked into the terms and conditions, and it is then our responsibility to enforce those terms and conditions and ensure that the public purse does not take on any additional risk. That is what we did.

I suppose, then, that the thing that I am not sure is coming through in a balanced way is the fact that more than one party—that is, the client—is involved in this process. It is important that the contracting industry does not get so competitive with

itself that it underprices projects in any way, because that puts us all in difficulty. It creates risk for everybody; it creates risk for these projects; and that is unnecessary.

I welcome Grahame Barn's statement that the contracts are being priced accordingly. We accept—and Transport Scotland has acknowledged and, as a result, changed the terms and conditions in its contracts—that the macro environment has changed and that there is the kind of competition that Mr Ewing mentioned earlier. The NEC4 contracts reflect that, but responsible tendering and responsible bidding are still required. I take this opportunity to urge contractors to bid in that way as we go forward, to ensure that we have a successful delivery for the A9.

The Convener: Thank you. I have a number of other questions, but I am keen to bring in colleagues. David Torrance has a question.

David Torrance: Good morning to the panel members. On that point, what discussions did Transport Scotland have with the civil engineering industry and financiers before deciding on a hybrid procurement approach? How confident are you that that approach is deliverable?

Rob Galbraith: We had market consultation going back to the beginning of 2021, I think, and we have kept that consultation going with financial lenders, with large-scale design, build, finance and operate contractors and with contractors who would have more of an interest in the design and build market, in order to get an understanding of their appetites and what they are looking for from contracts.

We believe that the hybrid approach, although not necessarily giving each of those parties everything that they would have wished for, at least gives them something that we understand would be attractive to them. We have had early discussions since the statement with at least one of the lending parties, which is continuing to express an interest in participating in future MIM contracts, for example.

David Torrance: In the evidence earlier, we heard about adverse weather conditions and the lack of workforce in the construction industry. Will that have an impact on the 2035 completion date for the A9? Are those factors being built in?

Rob Galbraith: Those factors are considered when we look at the construction timetables and durations that are required. With any contract, the kind of thing that can always affect ultimate completion is if you have a very bad winter in the last winter of construction, for example. Everybody is always at the mercy of that last piece but, in the overall durations, we have made provision for not working during the expected periods of poorer weather and for not carrying out certain kinds of work over the winter months. For example, road surfacing was referred to earlier—you would not attempt to carry that out over the winter months, as you would not expect the temperatures to support such activities. That is all built in as part of construction planning.

David Torrance: Thank you.

Edward Mountain: Most people's perception is that if there is a budget in a Government department, it will be spent. Looking back, did you have the budget for the A9 improvements? If so, what was the hold-up in spending it?

Roy Brannen: Given where we were at in terms of prep and design for the statutory processes, we did have the budget. As we were progressing the schemes through the statutory processes, there was enough funding in place to provide the necessary support for our framework consultants, which we used in developing the scheme to support the work on ground investigations, engagement with communities, buying the land, setting up, looking through the forms of tender and so on. That was all in place.

As two of the schemes came forward early—Luncarty and Dalraddy—we were able to get the money available in terms of capital for building them out. The big issue that has been apparent since 2014 is in relation to the not-for-profit distribution model. The Office for National Statistics classification meant that that came on the books of the Scottish Government. Therefore, it was no longer a resource option for the Government to continue to proceed with that as a procurement model. It was not until MIM—the mutual investment model—in 2019 that the Scottish Futures Trust had gone through that process and identified a new resource revenue model to take forward.

That brings in the question of affordability—that is, have you got enough capital and revenue? I look after around 40 per cent of the total Government capital budget at the minute, which covers all offshore wind and all the other investment that we talked about. The key thing is that ministers have agreed that the next three schemes will be capital, and a decision will be taken in 2025 on the remaining five schemes as a revenue-supported model.

Edward Mountain: Will you clarify that for me? You had the money to do the prep, but you did not have the money to do the work and actually build it—is that right?

Roy Brannen: At that point, we were not building anything; we were still going through the statutory process. That was the forward look on the financing in budgets into the future. We did not have a requirement at that point, because we were not building anything. For the two schemes that were ready to be built, the capital was there, and we built them.

Edward Mountain: Looking at those schemes, I can see that the Dalraddy to Kincaig section, which may have opened on budget, was certainly not on time. It was opened on the right day and then closed for another three months. In addition, the contractor on the AWPR said that it ended up losing money because there were extra costs. Do you think that that put contractors off looking at the A9 again until you came up with this new contract?

Roy Brannen: I do not think so, because we had a contractor bid for Luncarty that came off the back of one of our previous contracts. I will bring in Michelle Quinn on the AWPR. Earlier, she covered quite well the evidence about the process that leads up to any signing of a contract, which in that case, was a design, build, finance and operate contract. You make sure that those risks and the understanding of what is required in a contract are transparent, and then you require the market and the contractors to bid accordingly. In that case, the risk transfer was very clear at the outset of the job. If the tender does not turn out the way the contractor anticipated, it is the job of the client to protect the public purse, because the contract will have been signed on a particular basis.

Michelle might want to add more.

Michelle Quinn: The question comes back to responsible bidding: getting a keen understanding of the risks that are being passed to the contracting party and ensuring that those risks are priced appropriately. That happens very successfully in some cases, but in other cases it has not happened, for a variety of reasons.

At the point when the contract is awarded, we are all locked into our duties and responsibilities. As the public sector, we have no remit to, at that stage, renegotiate what the risk profile would look like, and, arguably, nor should we. There would not be a renegotiation if the risks pan out in a different way.

It is important that we recognise what everybody's role is and understand what happens when a contract gets locked down. In the event that a contractor pursues a claim and is due that claim, it is important that that claim is paid. Our sense is that we fairly operate the contracts, and there is no evidence to suggest otherwise. Whether those contracts pan out the way that contractors originally anticipate that they might is a different matter, as is whether contractors go into those contracts with their eyes open.

What I can tell you from my personal experience is that, before entering into some of these contracts, when I have had questions about the diligence work that has been undertaken and the level of understanding, I have met senior representatives from contractors, asked them whether they are satisfied that they have undertaken that diligence work and asked them whether they have absolute clarity about the level of risk that they are undertaking. They have assured me that they have, and I am not sure what more we can do as a client organisation once we are at that stage in a process.

However, we recognise that the macroenvironment has changed, and we have changed to reflect that.

Edward Mountain: Earlier, Roy made a comment about there being 300 landowners; that is over 80 miles of road on the A9. It is probably every compulsory

purchase practitioner's dream that there are so few, because that makes it relatively simple.

I will turn to the future, because I want to push on something that the convener mentioned, if I may. Alison Irvine, you suggested having a David Climie equivalent for the A9 work. The A9 project will cost £3.7 billion, according to Government figures. It could well increase—the cost is based on 2023 figures—by the time that it is finished in 2024. That is probably going to be closer to £4.5 billion. Are you going to have an overall supremo, making sure that all of that project works and that we get it done? I would say that, with its current staff, that is clearly outwith Transport Scotland's ability.

The Convener: That was a very evenly put question. Alison Irvine, would you like to respond?

Alison Irvine: I am going to disregard the comment that it is beyond Transport Scotland's capability at the moment. Now that we have this well-defined plan, it is appropriate that I consider the resources that we have in place to ensure that we deliver on that for ministers. As Roy Brannen set out earlier, that is exactly what we are doing at this time.

The Convener: Thank you. Mr Ewing has another question and I would like to go back to a couple of things. This is a slightly more circular approach, because I want to go back to the more historical aspect.

We are grateful for all the material that you were able to supply, which was quite a high pile when it was all stacked up and took quite a bit of digesting. One aspect that I wrestled with slightly was that for a great deal of time there was a conviction that the project could be delivered by 2025, which was evident throughout all the written submissions and evidence that we got by way of our inquiries and the material that we asked for.

Somewhere around 2018 or 2019 there was a change and discussions seemed to emerge about different funding models for the project, which did not feature in any of the narrative that have I read on what was happening up to that point. What is not clear to me is where the direction that was given for consideration of alternative funding models came from. Did it come from ministers and civil servants down or did it come from Transport Scotland up?

When I read all that, I was unclear why that area of discussion opened up at that point and who was leading on it. Where did the direction that was given for that change come from?

Alison Irvine: I see that Roy Brannen has his hand up so I will defer to him, then I can pick up anything that I need to.

Roy Brannen: On the timing in 2018, we were pushing on through the statutory processes and we were clear about what was required in construction terms. The non-profit distributing model disappeared in 2014 and we did not have a new model for delivery. The budget profile for TS, as a close-in executive agency, is set by ministers, and it is set in the context of the wider capital programme that ministers are taking forward. Back in 2018-19, the infrastructure investment plan had set out a range of things that were required to be delivered and a range of models for delivering those. That was the first time that MIM was considered as a new revenue model that could be taken forward.

In 2018, when we updated our ministers, we were clear that, because of the time that it would take us to get advisers in to develop a new model and to construct a mechanism that would address how the special purpose vehicle and the equity share would work, the 2025 date would not be achievable on a revenue finance basis, but that, if the capital was available at the necessary scale—lots of other projects would have been competing for it—theoretically, the project could still be delivered in that timeframe. Rob Galbraith will correct me if I am wrong, but I think that, at that point, a six-year construction period was anticipated for all the schemes. That was the thought process.

Transport Scotland's capital budgets were considered within the wider budgets of the Government, and different models were looked at for financing all those projects, with a revenue finance model potentially coming forward through MIM that would have enabled us to deliver the A9 project. However, at that point, if that route had been chosen, 2025 would not have been achievable, for the reason that I have explained.

The Convener: It sounds as though some of the initiation for that came from within Transport Scotland.

When you say that you “updated our ministers”, I assume that you do not mean that you got rid of the ones that you did not like and got new ones. I assume that you mean that you briefed them accordingly.

I note that, at that point, Mr Neil and Mr Brown—Keith Brown—who had to manage a number of projects simultaneously, stopped being involved and Michael Matheson came in. There is a suggestion that that is when a degree of drift and delay crept into the whole project, which affected its momentum. I know that other events unfolded two years later, when we had the pandemic and everything else, but it is not clear to me whether, from the point of view of ministerial direction and oversight, there was the same degree of focus on the project as there had been up until that point.

Roy Brannen: No—it is 100 per cent the case that there was the same degree of focus. Every minister under whom we have worked has been very well engaged on the A9 programme. We needed to find an affordability route and a procurement route. At the time that Mr Neil decided that we were going to take forward the project,

the NPD model was available to us. It was available right up until 2014, when the ONS classified it differently. That meant that such finance came on to the books of the Scottish Government. It was clear that such a big project could not be financed in that way.

Therefore, the SFT worked through the process to identify a different model that was based on the Welsh model. Ministers were fully engaged in that process. However, the A9 project was captured in the wider budget-setting process for capital, so it was competing for capital with all the other projects that were in the IIP.

Fergus Ewing: I have one final question for our witnesses. Your big office is in Buchanan house in Glasgow, and Inverness is 168 miles away. In two or three years' time, the dualling of the A9, which will be the biggest project that the Scottish Government will ever undertake, and, I trust, the dualling of the A96 from Inverness to Auldearn, including the Nairn bypass, will be going ahead. Given that almost all your spend will be in the Highlands, around Inverness, on the A9 and the A96, do you not think that it is time that you moved some of your staff and based them in Inverness? Would that not engender rather more confidence in Transport Scotland among people in the Highlands than there is at the moment?

The Convener: Is that question for Alison Irvine, in the first instance?

Fergus Ewing: Whoever.

The Convener: Alison, I think that that might be for you.

Alison Irvine: I will pick that up to start with.

For awareness, over the course of the work that we have done on the A9 and the A96 over the past few years, we have had a local presence in the area. However, I think that your point about central belt bias is well made. We are working hard to go against that, so to speak, or to improve our standing in that respect. As I am sure that you will appreciate, I cannot, at this point, commit to our moving the offices of Transport Scotland, but that is not to say that I do not recognise the point that you make.

Fergus Ewing: Thank you for that answer, but what do you mean by "presence"? I know that certain companies have been involved, such as Jacobs and Atkins, which have had a presence—an office—in the north, although I think that at least one of those companies pulled out of its Elgin office, because of the lack of progress on the A96. What do you mean by the "presence" that Transport Scotland has in Inverness?

Alison Irvine: Sorry—I did not say Inverness; I meant in the area concerned. I do not know whether Rob Galbraith can help me out here on the detail of what we have had in place over the past few years.

Rob Galbraith: I am afraid that I do not have that information to hand directly. I know that, during the design and development phase, we have had local teams based in the likes of Inverness in order to be accessible to a range of people they were engaging with. I am afraid that I could not quote numbers; we can perhaps provide that information in written form afterwards

Fergus Ewing: You would be very welcome to do that.

The Convener: Using the technology has been quite complicated, and I am very grateful to you all. We have run on quite a bit after the time that we had anticipated, and there are lots of other things that we would have been very happy to discuss, but I thought that I would give you the opportunity, Alison—perhaps through your colleagues—to volunteer anything further for the record at this point.

Alison Irvine: First, I thank you for accommodating the need for us to appear virtually today. The impact of storm Jocelyn on the transport network has been significant.

I am looking through the things that we have covered and the things that Mr Barn has picked up, and I do not think that I have anything to add. I am looking to the rest of my colleagues, and they are not giving me any indication.

The Convener: That, I think, is an indication.

Rob Galbraith: I will mention one thing briefly in relation to a question that you asked, convener, about resource-funded models. Just to be clear, the Scottish public finance manual requires consideration to be given to private finance models for major infrastructure projects. That would normally be considered as part of the development or procurement strategy for an individual project or programme of projects, as we are considering in this case. That is part of standard practice, if you like.

The Convener: Is that in relation to events around 2018?

Rob Galbraith: As background to the things that you have been picking up in the papers for 2018, yes.

The Convener: Right. You will appreciate that there is a sense about what was happening at that point. Many people have been keen to identify why there was a very clear track or line towards delivery of a project by 2025 and to ascertain at what point that started to become less clear, or murky. To me, coming to the matter only as someone who uses the A9 from time to time, and looking at the papers, it struck me that a drift seemed to materialise around 2018 or 2019, and it was not communicated to the public or the wider world, who still thought that 2025 was the project delivery date and that all was in hand. It looks to me that, at that point, there was serious reservation and doubt about it all internally. I was not clear as to whether that was emerging from the ground up or from the top down.

Rob Galbraith: As I have alluded to, the points that have been discussed will have come through the work that was being carried out to deliver the Scottish public finance manual requirements, as part of looking at the procurement strategy. There was always the option under that procurement strategy to continue to use, or choose to use, a design-and-build, capital-funded approach for completion of the whole programme. However, there is a process that has to be gone through to reach a holistic decision, rather than a piecemeal decision.

The Convener: Okay—thank you very much. I am not sure I have fully understood or come to an appreciation of what happened at that point.

David Torrance has indicated that he wishes to come back in again.

David Torrance: When the committee makes inquiries and takes evidence, we do so to benefit the aims of the petition. I found the statement that Edward Mountain made earlier about the ability of Transport Scotland not helpful at all. It does not help our cause at all when members of the committee make such statements.

The Convener: That is noted for the record.

Thank you all very much for joining us this morning. I am really very appreciative of you working within the restrictions imposed across the country today, and for everything that you have contributed.