

202200275524

Annex A – Documents held in relation to the meeting between Michael Matheson and Sir Peter Hendy on 26 November 2020

26 November 2020		
Information requested	Details	FOISA Exemption
Copies of minutes, briefings and unofficial notes of these two meetings	Ministerial briefing (attached) Subject to the following exemptions A minute of the meeting produced by UCR (attached) No unofficial notes were retained from this meeting.	Section 36 (1) – Pages 6-7 – redacted background legal advice. Section 30 (c) – Pages 12 – redacted background includes information relating to policy in development. N/A Section 17 – Information not held.
All correspondence between Mr Matheson and Sir Peter Hendy following these meetings	Letter from SPH to MM 29 October 2020 (attached) Letter from SPH to MM 17 November 2020 (attached) Letter from SPH to MM 25 November 2021 – following publication of UCR (attached) Responses to SPH from MM not on file.	N/A N/A N/A Section 17 – Information not held.
Any correspondence from Mr Matheson to Transport Scotland following these meetings	No correspondence from MM to TS held on file.	Section 17 – Information not held.

9 March 2021		
Information requested	Details	FOISA Exemption
Copies of minutes, briefings and	Ministerial briefing (attached) Subject to the following exemptions	Section 30 (c) – Page 5 – information shared by a third party has been redacted due

<p>unofficial notes of these two meetings</p>	<p>No minutes were taken at this meeting.</p> <p>No unofficial notes were retained from this meeting.</p>	<p>to expectation of confidentiality</p> <p>Section 29(1)(a) – Page 15 – hypothetical example used for illustrative purposes has been redacted due to potential for misunderstanding</p> <p>Section 36 (2) – Page 16 – redacted third party information where there is an expectation of confidentiality</p> <p>Section 17 – Information not held.</p> <p>Section 17 – Information not held.</p>
<p>All correspondence between Mr Matheson and Sir Peter Hendy following these meetings</p>	<p>No correspondence between SPH and MM held on file.</p>	<p>Section 17 – Information not held.</p>
<p>Any correspondence from Mr Matheson to Transport Scotland following these meetings</p>	<p>No correspondence from MM to TS held on file.</p>	<p>Section 17 – Information not held.</p>

Supplementary		
Information requested	Details	FOISA Exemption
<p>All correspondence between Mr Matheson and Sir Peter Hendy following these meetings</p>	<p>Letter to SoS from DA Ministers 16 September 2020 (attached)</p> <p>SoS Transport response to DAs 7 October 2020 (attached)</p> <p>Letter to SoS Transports from MM 24 March 2021 (attached)</p>	<p>A meeting was also held between Mr Matheson and Grant Shapps, SoS for Transport, in March 2021 on UCR. The correspondence of this meeting may add further insight into your request.</p>

**Meeting with Sir Peter Hendy
Chair of the Union Connectivity Review
26 November 2020, 15:30 – 16:15**

Key Message	<ul style="list-style-type: none"> • The Union Connectivity Review was established without any meaningful discussion with the devolved administrations. • All devolved administrations have agreed that there is a need to address the historic underfunding of transport infrastructure and to promote growth in all parts of GB and NI. However, the way in which we work together to address that problem and improve connectivity, must be done in the right way. • We seek to engage constructively with the UK Government, however, we will absolutely not sign up to anything which in any way undermines the devolution settlement. • It is up to the UK Government to prove that this is not the case. • Scotland, and the other devolved administrations, have robust processes for identifying our investment priorities, each setting our own transport strategies and priorities for transport in our devolved nations. • Our processes for identifying transport investment priorities are not undertaken in isolation and are in place to allow assessment of cross-government spending priorities across a whole host of other portfolios. Example of this are the Infrastructure Investment Plan, published in draft in September and the approach to Comprehensive Spending Reviews.
Who	Sir Peter Hendy
What	Meeting to discuss the Union Connectivity Review (UCR)
Why	(attached) This letter from Sir Peter on 17 November sets out the points he wishes to discuss and as informed the preparation of this briefing.
Where	Please note dial-in details:
When	<i>26 November 2020 15:30 – 16:15</i>
Supporting Officials	Alison Irvine, Director of Transport Strategy and Analysis Roy Brannan, Chief Executive, Transport Scotland
Briefing	Annex A: Discussion points, suggested questions and steering brief for meeting Annex B: Latest Correspondence Annex C: Further information on the UCR Call for Evidence

ANNEX A

Meeting with Sir Peter Hendy (SPH) Chair of the Union Connectivity Review

Discussion Points

1. Welcome & Introductions

2. Union Connectivity Review

[the following were highlighted by Sir Peter in advance of the meeting, as points of discussion]

- Appraisal of Transport Interventions (beyond Value of Time)
- Potential for a Trans-UK Transport Network
- Bridge to Ireland
- Call for Evidence

3. Summary and Way Forward

Suggested Questions for SPH

- How will you take into account our National Transport Strategy and our appraisal process in your deliberations?
- How will you account for our second Strategic Transport Projects Review and assure the Scottish Government that your review will not undermine it?
- How does the Union Connectivity Review fit with the Infrastructure Strategy published yesterday?

Briefing Content

1. Union Connectivity Review & Call for Evidence
2. Internal Market Bill
3. Infrastructure Investment Plan and Spending
4. Transport Appraisal
5. Trans-European/UK Transport Network
6. Bridge between Scotland and Northern Ireland
7. Integrated Rail Plan and HS2
8. STPR2

1. Union Connectivity Review & Call for Evidence

Lines to take

- Transport infrastructure is a devolved matter.
- The Union Connectivity Review was established without any meaningful discussion. I wrote, along with my counterparts in Northern Ireland and Wales, to express our serious concerns about the UK Government seeking to undermine the devolved settlement and established decision making processes in devolved areas. To date these concerns have not been adequately addressed.
- The UK Government should honour its commitments to infrastructure investment across the UK and should do so by ensuring adequate new resource is made available through relevant budgets, to allow decisions on infrastructure priorities to be taken by each devolved government.
- All devolved administrations have agreed that there is a need to address the historic underfunding of transport infrastructure and to promote growth in all parts of GB and NI. However, the way in which we work together to address that problem and improve connectivity, must be done in the right way.
- We seek to engage constructively with the UK Government, however, we will absolutely not sign up to anything which in any way undermines the devolution settlement.
- The ball is in the UK Government's court to prove that this is not the case.
- Scotland, and the other devolved administrations, have robust processes for identifying our investment priorities, each setting our own transport strategies and priorities for transport in our devolved nations.
- Our processes for identifying transport investment priorities are not undertaken in isolation and are in place to allow assessment of cross-government spending priorities across a whole host of other portfolios. Example of this are the Infrastructure Investment Plan, published in draft in September and the approach to Comprehensive Spending Reviews.
- It is not clear from the Union Connectivity Review Terms of Reference of the review if it comes with additional funding or is a mechanism for prioritising existing funding.
- This Union Connectivity Review must not be positioned to create a list of schemes by which that new power can then be utilised without our consent as devolved Ministers with devolved responsibility.
- We believe that if a connectivity review of this kind is to take place, with meaningful devolved engagement, there must be agreement with the relevant infrastructure Ministers in each devolved administration on the terms of reference and the scope of its work and that did not happen.
- The Scottish Government will consider infrastructure proposals which are founded upon robust evidence and which support the vision and outcomes of our National Transport Strategy and meet the needs of the people and businesses of Scotland. Transport infrastructure investment should focus on projects that improve lives, boost our economy, support communities and work towards Net Zero. That is how we are planning Scotland's future

transport infrastructure investment and are doing so through the second Strategic Transport Projects Review, not the Union Connectivity Review.

- There is much the UKG could do to improve connectivity accords the Union, without encroaching into developed areas. I also wrote to the Secretary of State for Transport, Grant Shapps in March, seeking him to commit to:
 - accelerating the pace of HS2, extending it to Scotland's two largest cities and commit to a programme which builds the capacity for high speed rail services from north to south at the same time as south to north;
 - electrifying the rail networks at the major English ports of Teesport, Felixstowe, Thames Haven and Immingham to improve the viability of rail freight to and from Scotland;
 - supporting additional resources to deliver on a number of proposals to upgrade transport infrastructure in South West Scotland - that are already on the table - which would improve connectivity and bring significant benefits to the people of Northern Ireland and Scotland, making a real difference to improving lives.

Background

The Prime minister has asked SPH to lead the review. Correspondence was received from Baroness Veer to Mr Wheelhouse in August advised of the appointment of SPH, however no attempts had been made to obtain the views of Scottish Ministers or agreement to participate.

An outline scope of the review was shared with us informally in early 2020 when it was expected it would be referred to in the UK budget in March. COVID-19 obviously changed the priority of UK Ministers. It was also referred to on the last four nations call with UKG prior to recess although no details were shared

The Review is described as independent, however the DfT are providing secretariat support to the review and are seeking/ have appointed consultancy support. An interim report is expected by the end of 2020 with a final report being published in the summer of 2021.

It was not clear how the DAs would be involved as the study progressed but the clear ambition was that we would jointly agree investment priorities and each would then fund and deliver interventions which fell within the respective devolved or reserved areas of interest.

Transport Scotland expressed concern that the review was being progressed without discussions or agreement between respective Ministers. Further to discussion with NI and Wales and the publication of the Internal Market Bill earlier this month, the joint letter was issued to Grant Shapps on 16 September and he has responded (see **Annex B**).

After the publication of the Terms of Reference on 3 October, Sir Peter asked to meet with you. Transport Scotland have not been approached, however officials have fortnightly calls with the DfT and the Union Connectivity Review has been

added to agenda recently, for discussion (by the DfT). These are informal meetings with no papers or minutes.

Published on 16 November, the 'Call for Evidence' which states: *This call for evidence is the first opportunity for individuals and organisations to provide detailed information on the need for additional connectivity between the nations of the United Kingdom.*

The scope of the review includes all cross-border journeys – meaning those journeys that start and end within different nations of the UK. Potential improvements or changes to transport links at any point on these journeys are in scope of the review and the call for evidence.

This call for evidence states that it provides an opportunity for individuals and organisations to:

- direct the review's attention to areas in which multi-nation journeys within the UK have the potential to be improved
- identify the importance of transport connectivity more generally
- set out strategic opportunities for improvements in cross-border transport

It seeks information on the following topics:

- the importance of cross-border transport links to existing growth strategies
- appraisal methodologies and how these can support investment in cross-border transport
- specific journeys with the potential for improvement, and the cost and feasibility of these
- the potential development of a pan-UK strategic transport network
- non-physical changes to support cross-border connectivity such as service provision or financial support
- the social and environmental impact of additional or improved transport links
- the UK's ability to deliver a truly national transport strategy
- the feasibility and need for a fixed link between Northern Ireland and Great Britain.

The full foreword by Sir Peter, along with consultation questions he poses, is provided in **Annex C**.

2. Internal Market Bill

Lines to Take

- This Bill represents an assault on devolution the like we have not experienced since the current Scottish Parliament was established. We will oppose it at every turn.
- Talk of a power surge is misleading. The powers the UK has listed are in areas that are already devolved.
- The lack of adequate time to properly scrutinise the proposals suggests that the UK Government itself has little confidence that proposals are coherent or workable. The UK is also looking to push the Bill through Westminster as rapidly as possible in order to avoid proper scrutiny.
- The Scottish Government is clear – and this is backed up by the views of stakeholders across Scotland – that the correct and proportionate means of dealing with policy differences across UK nations after leaving the EU, is through the common frameworks process which, despite our differences over EU exit, has been able to make significant progress over the last several years. This Bill undermines and threatens this entire programme of work.
- The Scottish Government and Scottish Parliament's Finance and Constitution Committee did not recommend consent this Bill that undermines devolution and breaks international law.
- Spending on devolved matters is generally the responsibility of the Scottish Parliament and Scottish Government under current UK Government policy, and the Scottish Government's position is that any attempt to bypass the Parliament or Government would be unacceptable.
- It is extremely disappointing to learn – with no prior notice - that the UK Government has written provisions into this Bill that presume Whitehall control over the delivery of replacements for the EU Funding Programme in Scotland; a Programme that Scottish Ministers have delivered successfully for decades.
- Not only is it in contravention of the devolution settlement, it will disrupt the productive relationships which the Scottish Government has forged with stakeholders over the course of many years, creating potential for confusion, duplication and unnecessary additional bureaucracy.
- This isn't just about whether individual powers in specific areas are devolved or not. The Bill means any Scottish Parliament laws could be challenged in court or bypassed if they were deemed to contravene the new scheme it establishes.

Background

[REDACTED]

The Scottish Government is wholly opposed in principle to the Bill and the impact it would have on the powers and democratic accountability of the Scottish Parliament and Scottish Ministers. We therefore did not propose amendments. We have however indicated that we will support the Welsh Government in its proposed amendments that, while not rendering the Bill acceptable in principle, would have the

effect of significantly limiting the Bill's application and effect on devolved powers. These would include measures that would place new constraints on UK Ministers' exercise of delegated powers under the Bill.

3. Infrastructure Investment Plan and Spending

Lines to take

- It is essential that Scotland receives a fair and sufficient funding settlement, on transport and infrastructure as well as other key areas of spending and investment. The UK Government has been focussed on London for too long, and needs to deliver on its rhetoric on levelling up across the UK.
- In June, SG published a paper outlining ten principles we believe the UK Government should follow to support the economy and public finances, as we recover from the impacts of Covid-19.
- These included pressing the case for a significant fiscal stimulus and accelerating major investment in infrastructure as well as loosening of the restrictions on our borrowing powers.
- The Scottish Government remains committed to increasing levels of investment through our National Infrastructure Mission which will deliver over £33 billion of Scottish Government investment in the next five years
- Scottish Ministers will continue to promote the value of infrastructure investment in our dialogue with the UK Government.
- The Scottish Government's final budget envelope for capital investment in future years depends on the outcomes of the forthcoming UK spending review.
- Scottish Ministers continue to urge the UK Government to prioritise capital stimulus within its own spending plans.
- Our draft Infrastructure Investment Plan (IIP) was published on 24 September 2020 and covers the next five financial years from April 2021.
- The draft IIP delivers the National Infrastructure Mission – and sets a long-term vision of infrastructure supporting an inclusive, net zero carbon economy in Scotland.
- It provides a pipeline of public sector infrastructure delivery, giving confidence to construction sector and supporting our economic recovery from COVID-19.
- It includes details of around £24 billion of major projects and national programmes – with more to be confirmed in future years.
- It shows how we will enhance our approach to choosing the right future investments and introduces a new infrastructure investment hierarchy placing an emphasis on maintaining, enhancing and re-purposing what we already have ahead of building new.
- We consulted on the draft IIP until 19 November in order to ensure the right final approach that benefits the whole of Scotland both now and in the future.

Background

- The Infrastructure Commission for Scotland (ICS) brought invaluable independent expertise and insight to the discussion on how we develop our long-term infrastructure strategy.
- The ICS published its phase 1 recommendations in January 2020 and its second report in July 2020.
- The draft Infrastructure Investment Plan responds to the Phase 1 recommendations and shows how we will implement them in consultation with industry, delivery partners and the people of Scotland.
- The Scottish Government is taking the time needed to consider its Phase 2 findings very carefully.
- The UK Government is planning to publish its long-awaited infrastructure strategy on Wednesday and the response to the infrastructure finance review (which might be linked to the Internal Market Bill).
- Briefing will be sent separately, in advance of the meeting with SPH.

4. Transport Appraisal

Lines to take

- Scottish Transport Appraisal Guidance (STAG) is used where Government funding, support or approval is sought for justified changes to the transport system.
- Transport Appraisal in Scotland consider Value for Money to be on the basis of the whole socio-economic case, not just the travel time saved.
- We consider ourselves leaders in that respect, with emphasis on the Strategic Case element of the business case model.
- Nonetheless, we are updating STAG, by end of 2021. A key driver for the update is to reflect the NTS2 Vision, Priorities and Outcomes.
- The vision is that we will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors.
- The priorities are: Reduces inequalities, Takes climate action, Helps deliver inclusive economic growth, and Improves our health and wellbeing.
- The NTS2 is a Strategy for the whole transport system (people and freight) and it considers why we travel and how those trips are made, by including walking, wheeling, cycling, and travelling by bus, train, ferry, car, lorry and aeroplane. It is a Strategy for all users: those travelling to, from and within Scotland.
- The Strategy is a catalyst for transformational change. It sets out the need to manage transport demand in accordance with the sustainable transport hierarchy. It also introduces the Sustainable Investment Hierarchy will be used to inform future investment decisions and ensure transport options that focus on reducing inequalities and the need to travel unsustainably are prioritised. Next comes maintaining and safely operating existing assets, then making better use of existing capacity and only following these steps will investment involving targeted infrastructure improvements be considered.
- In the longer term (post 2021), we will revisit the basis of economic appraisal of transport and consider how the wider social impacts can be further

embedded into the process in the light of a changing economy and the concept of Industrial Revolution 4.0.

- Transport is a derived demand so appraisal will require consideration of interventions wider than transport. Better utilisation of space and place-setting, improved planning approaches, enhanced digital connectivity and increased location-focus should all be considered.
- Recognising that the future is uncertain, we are taking a scenario planning approach in investment decisions to ensure Scotland is an attractive place to live and do business.

Background

STAG follows the principles of HM Treasury Green Book advice on Appraisal. The DfT produce similar guidance – TAG (Transport Appraisal Guidance) which was formerly known as webTAG.

TAG is focussed on the Socio-economic Case of the 5-case Business model. Conversely STAG comprises both the Strategic Case as well Socio-economic Case. This emphasis on the Strategic Case particularly where this links back to the NTS (England does not have an NTS) is a key difference between the two approaches.

5. Trans-European Transport Network (TEN-T)

Lines to take

- It will be important for any replacement of funding for the TEN-T network in the UK, continues to focus on support for all parts of Scotland to connect to the rest of the European Union.
- Recent funding of the TEN-T in Scotland has enabled the deployment of Intelligent Transport Systems.
- It would be useful if there was funding available to help develop the infrastructure that connects Scotland with the EU Member States and beyond.

Background

TEN-T is a planned set of road, rail, air and water networks designed to serve the EU. Through guidelines and funding, TEN-T supports coordinated improvements to the network to provide integrated and intermodal long-distance high-speed routes for the movement of people and freight. The original concept of the TEN-T network changed to the use of core network corridors with a focus on cross-border infrastructure development (ie between EU Member States). Corridor Coordinators are responsible to coordinate the delivery of developments, produce Corridor Work Plans, and report on progress.

Nine updated corridor work plans for the Trans-European Networks were published last month. These set out how the network will develop from now until 2030. Each plan provides details of the current infrastructure and sets out the challenges for future infrastructure development. Of particular interest to us are the “Motorways of the Sea” and the “North Sea – Mediterranean” corridors.

Motorways of the Sea programme, focusses on short sea shipping routes, maritime links and associated maritime infrastructures such as hinterland connections, equipment, facilities and relevant administrative formalities. It builds on the core and comprehensive network of European ports and logistics centres as well as on the TEN-T core network corridors. The programme prioritises the full integration of maritime transport operations in the logistic chain.

North Sea – Mediterranean corridor core network corridor stretches from Glasgow, Edinburgh and Belfast in the north to Cork in the west, Paris and Lille in the centre, Marseille in the south, and extends north-east through Luxembourg, Belgium and the Netherlands towards Amsterdam.

After the end of the EU Exit transition period, the UK will in principle no longer be part of these corridors. However these connections will remain important strategically for the UK. For Scotland it will be important to keep aligned with the policies and strategies underpinning these corridors, so that we can remain aligned with EU policy.

As part of the TEN-T concept was the Connecting Europe Facility which is the Commission’s Financial Instrument for the funding of TENs. For transport it finances infrastructure projects and studies for roads, railways, inland waterways, airports, ports, and traffic management systems (rail, road, shipping, and aviation) lying on the TEN-T network. It is a competitive process with all Member States bidding for funding in response to criteria and implementation timescales set by the European Commission. Projects applying for funding must be: mature; have a funding package in place; and demonstrate added EU value.

Under this programme Transport Scotland accessed a number of funding calls to both enhance the deployment of Intelligent Transportation Systems across the Scottish motorway and trunk road network and to contribute to the development of a harmonised minimum standards for ITS to be deployed across Europe. Over the last decade we have accessed CEF funding for the following projects, awarded across multiple funding calls: EU ITS Platform (EIP), Arc Atlantique Corridor phase II and Arc Atlantique Corridor phase III.

6. Bridge between Scotland and Northern Ireland

Lines to take

- We are always keen to talk about how we can strengthen connections between Scotland, Northern Ireland and the Republic of Ireland.
- There are an obvious number of practical obstacles and challenges to such a concept, and it would require a robust assessment of the costs or benefits of such a project in the first instance.
- SG currently has no plans to take forward proposals for a bridge between Scotland and Northern Ireland.
- The Scottish Government has not investigated or undertaken any feasibility for a bridge between Scotland and Northern Ireland and has no current plans to do so.
- This is not a priority that has been raised through any work we have undertaken in Scotland.

Background

Both SG and NIE have expressed views to UKG that potential funding for a fixed link would be better spent on delivering the vital infrastructure investment for communities in Scotland and Northern Ireland. It has also been made clear that both administrations believe infrastructure investment should be focused on projects that will improve lives, boost our economy and connectivity, support communities and crucially work to address the climate emergency.

In December it was reported that the Prime Minister had asked UK Treasury / Dept for Transport officials for advice on how a bridge between NI and Scotland could be paid for and the risks of such a project. Many people (reported as experts in the media) have spoken out about the impracticalities of this naming Beaufort's Dyke (submarine trench containing tonnes of Second World War munitions), weather conditions and the vessels which currently use the on this stretch of sea. Transport Scotland have not undertaken an analysis of their own.

7. Integrated Rail Plan and HS2

Lines to Take

- Scotland's rail connectivity with England and Wales relies on two increasingly overloaded rail arteries and HS2 will only add to that problem when high speed trains complete their journey to Scotland over existing constrained infrastructure. It is imperative that we find solutions to deliver greater capacity on these routes to ensure longer-term economic sustainability and connectivity.
- Improving cross-border rail connectivity will play a crucial role in meeting the UK and Scottish governments' commitment to net zero transport carbon emissions. HS2's carbon emissions will be 17 times lower than the equivalent

journey by air, but modal shift will only come about if HS2 can deliver an air competitive 3 hour journey time between London and Central Scotland. The projected 3 hours 50 minute journey time is just not competitive enough and the Union Connectivity Review must therefore focus on opportunities to address this.

- Whilst HS2 will bring welcome benefits in reducing passenger journey times, its real impact is in the vast capacity it will unlock on the existing rail network in the south of England for additional freight and local passenger services.
- I am keen to further high speed rail opportunities identified by the UK and Scottish Government's North of HS2 to Scotland Working Group, which I set out in a letter to Andrew Stephenson on 14 October 2020, so that the north of the country can realise similar benefits arising from released capacity on these key cross-border routes.
- The sea ports handling the majority of Great Britain's imports and exports are located in England; high quality rail links to and from these ports is therefore of crucial importance to the UK economy. Growth in Anglo-Scottish rail freight is however being restrained by the lack of capacity on the east and west coast main lines which require urgent improvement to keep pace with increasing demand.
- Electrification has historically been prioritised on passenger routes leaving gaps on freight access routes to the major ports at Teesport, Felixstowe, Thames Haven and Immingham and on key diversionary routes, necessitating a large proportion of rail freight being hauled by diesel traction. The Union Connectivity Review should therefore focus on in-fill electrification to enable freight to be hauled by electric locomotives, which typically have twice the tractive power and significantly lower carbon emissions, on the key Anglo-Scottish routes.
- Until goods and people can move around the country quickly and easily, we can't hope to solve the productivity crisis which lies at the root of the North-South divide. Neither can we hope to build a recovery on an antiquated transport system, which is buckling under its increasingly overloaded capacity.

Background

The Department for Transport and Transport Scotland, working collaboratively, have confirmed the feasibility of a new 4-tracking of the East Coast Main Line which would significantly increase capacity and halve the journey time between Edinburgh and Newcastle to just 45 minutes. This new route section, in conjunction with HS2, would also achieve the joint governments' air-competitive 3 hour journey time target between London and Edinburgh.

The Scottish Government would welcome the following within the UKG's rail plans:

- The extension of Newcastle Station to facilitate through running of 400 m high speed trains to Edinburgh on an eastern alignment.
- New high speed route sections between **[REDACTED]**, and between Abington and Glasgow to reducing journey time on the West Coast Main Line, which will bring economic benefit and progress the decarbonisation of transport.

- Consideration of an earlier investment in high speed rail infrastructure in the north of England and Scotland in order to release the latent economic growth potential that is being suppressed by relatively poor connectivity.

8. STPR2

Lines to Take

- The second Strategic Transport Projects Review (STPR2) which will help to deliver the vision, priorities and outcomes for transport, set out in the National Transport Strategy (NTS2), to determine Scottish Government's future transport investment priorities over the next 20 years.
- Phase 1 reporting will be within the original planned timescales of this Parliamentary term - focusing on recommendations which “lock in”, in transport terms, the benefits and travel behaviours of individuals and provide a step change in investment which supports the priorities and outcomes of the National Transport Strategy.
- We currently envisage that Phase 2, which will complete the review, will report later in 2021.
- While we remain committed to working with partners to take forward STPR2, albeit in revised timescales, that take account of the Covid-19 impacts. We will need to understand how the impact of this may shape our future transport system and the demands placed on it.
- Ultimately, the outcomes from STPR2 will help make Scotland more accessible for residents, visitors and business, creating better connectivity with sustainable, smart and cleaner transport options, highlighting the vital contribution that transport investment can play in enabling and sustaining Scotland’s economic growth.
- The review will be undertaken in line with the Sustainable Travel Hierarchy set out in NTS2 to embed in decision making the promotion of walking, wheeling, cycling, public transport and shared transport options in preference to single occupancy private car use.
- STPR2 has been informed by the gathering of and analysis of evidence in respect of strategic movements for both people and freight to understand the current performance of the strategic transport network supported by consideration of the wider socio-economic and development context.
- Interventions will be considered in the context of the Sustainable Investment Hierarchy set out in NTS2 and look at how best to influence the demand for travel, how to better maintain and make best use of existing assets, what new capacity is needed and what new infrastructure may or may not need to be built.
- As well as supporting the National Transport Strategy (NTS2), STPR2 also provides clear alignment with Scotland’s national plans, policies and strategies, including the Government’s Economic Strategy, the forthcoming National Planning Framework (NPF4), the Climate Change Plan and the next Infrastructure Investment Plan.

ANNEX B
LATEST CORRESPONDENCE WITH GRANT SHAPPS/ ANDREW STEPHENSON

Letter to Secretary of State Grant Shapps from three Devolved Administrations – 16 September 2020
(attached)

Reply – 7 October 2020
(attached)

Letter to Minister of State Andrew Stephenson regarding Integrated Rail Plan – 14 October 2020
(not in scope)

ANNEX C

FURTHER INFORMATION FROM CALL FOR EVIDENCE UNION CONNECTIVITY REVIEW

Foreword by Sir Peter Hendy

The UK is the oldest and most successful partnership of nations in history and, as connectivity drives the economy, jobs, housing and social cohesion, it is essential in ensuring that everyone feels the benefits of being part of this union.

The government has set out its commitment to levelling up by addressing the causes of regional inequality across the UK. The causes of inequality are complex and historic, and require long-term and well thought out policy decisions to resolve. This becomes even more important in the context of external economic impacts such as COVID-19 and the UK's departure from the European Union (EU).

Transport alone cannot resolve these issues, but it is the most effective enabler of an effective growth strategy. The ability to move people and goods across the country is vital to the success of business, the growth of regional economies, and access for people to jobs, housing, education and health services, so good transport connections are needed to ensure that regions across the UK are able to maximise their potential.

Much recent transport investment has been the result of an appraisal methodology that prioritises large numbers of travellers saving time spent on travel; naturally favouring travel to and from major conurbations. However, this review is about – and I am interested in – what can be done to invest in and widen the benefits of growth and cohesion across the UK.

Schemes such as High Speed 2 (HS2) and Northern Powerhouse Rail will deliver transport investment in the North and the Midlands, but this review will consider what more can be done to support all parts of the UK.

I am delighted to publish this call for evidence to inform my review. It provides an opportunity to canvas the views of stakeholders on what needs to be done, and to provide evidence on transport connectivity, to ensure that all 4 nations and regions are able to maximise the economic, cultural and social benefits of being part of the United Kingdom.

Consultation questions (abridged)

Assessing the need for cross-border connectivity

- If you represent a place, what is your current strategy for growing the economy and improving the quality of life there?
- What is necessary to achieve this strategy and what evidence do you have that improved connectivity is needed in this instance?
- In general terms, is there a need for new or improved transport links between the nations of the United Kingdom?
- What are the main obstacles and challenges in improving transport connectivity between the nations of the UK?
- Please provide evidence relating to any specific challenges that prevent or hinder the development of additional or improved transport links. Please consider socio-economic, political, organisational and practical issues.
- What evidence exists to demonstrate the potential impacts of improved transport connectivity between the nations of the United Kingdom?
- When making transport investment decisions that aim to improve connectivity between the different nations of the UK, does the current appraisal framework capture all the potential impacts?

Opportunities for improved transport connectivity between the nations of the UK

- Which specific journeys would benefit from new or improved transport links?
- What would be the benefits of improvements to these specific journeys?
- How would the costs and benefits of the identified improvements be distributed?
- How will demand for these journeys change in the future?
- In your opinion, what is the preferred means by which to improve these journeys?
- What would be the environmental impact of improving these journeys in the way that you have identified?
- Are there any interdependencies with other policies that may impact the deliverability of the identified improvements?
- Is there a need for the development of a national strategic transport network to replace the European Trans-European Transport (TEN-T) network following the end of the UK-EU transition period?

- How should such a network be defined? What would be the potential impact of such a network? How should a network of this nature be managed or financed?
- Do you have any further comments on the development of a national strategic transport network?

Connections to Northern Ireland

- With reference to the unique geographical position of Northern Ireland, please set out how best to improve cross-border transport connectivity with other UK nations?
- Other than geographic, are there any other specific restrictions to improving connectivity between Northern Ireland and other UK nations?

Final questions

- What else can be done to support greater transport connectivity between the nations of the UK?



Meeting with Michael Matheson MSP

26th November 2020

Attendees

- Michael Matheson MSP, Cabinet Secretary for Transport, Infrastructure and Connectivity (MM)
- Roy Brannen, Chief Executive, Transport Scotland
- Sir Peter Hendy, UCR Chair and Chair of NR (SPH)
- David Begg, UCR Panel member
- Ben Smith, Director, DfT
- Gavin James, Deputy Director, DfT, and Head of the UCR Secretariat

SPH outlined the approach he intended to take to the Union Connectivity Review, noting the opportunities for Scotland, and that it could support growth, jobs and housing. SPH explained the methodology he would use, including the use of wider economic benefits in the appraisal.

MM expressed his concerns that the review was a UK Government project and that he felt it was politically motivated. MM stated that the review should not be used to prioritise existing funding.

SPH explained that he was considering the development of a successor to the UK portion of the EU's Trans-European Network for Transport, which could be better designed to the UK's needs. SPH suggested it could provide a useful strategic framework for additional funding.

Numerous transport corridors were discussed, including HS2 to Scotland, the East and West Coast Main Lines, the A77 and A75, air connectivity across the UK, and the concept of a fixed link between Northern Ireland and Scotland.

MM said his officials could provide information already in the public domain, but he did not intend to provide anything further for consideration in the review.

SPH thanked MM for his time and offered to provide a further update ahead of publishing his interim report.

Michael Matheson MSP
Cabinet Secretary for Transport, Infrastructure & Connectivity
The Scottish Government
St Andrews House
Regent Road
Edinburgh
EH1 3DG

Sir Peter Hendy CBE
Network Rail
Walker Suite
Waterloo General Offices
Waterloo Station
London
SE1 8SW

29 October 2020

Dear Michael

You may be aware I have been asked to lead an independent review into connectivity between Wales, Scotland, Northern Ireland and England. The review will make recommendations on how the UK government can level up transport infrastructure and improve connectivity, boosting access to opportunities and improving people's everyday connections. Further details can be found here:

<https://www.gov.uk/government/speeches/union-connectivity-review>

As part of the union connectivity review, I will be looking at road, rail, air and sea links, and how they could be improved to fuel the UK's recovery from COVID-19. The terms of reference are attached.

I very much would like to meet with you in-person to discuss this however restrictions may mean this is not possible.

For now, please can we arrange a time to discuss the review and ways we can connect communities and support economic growth through improved transport links? Clare Irvine, clare.irvine@networkrail.co.uk will be able to assist your office with finding a time to meet.

I look forward to hearing from you and meeting to discuss the review.

Yours sincerely,



Sir Peter Hendy CBE

Union connectivity review: terms of reference

Published 3 October 2020

Context

The UK government is building a stronger and fairer economy for the future.

To support this aim, the government is keen to understand whether and how connectivity across the UK can support economic growth and quality of life, particularly as the country recovers from the COVID-19 pandemic.

This will be an independent review led by Sir Peter Hendy.

Scope

The government asks Sir Peter to undertake a detailed review of how the quality and availability of transport infrastructure across the UK can support economic growth and quality of life across the whole of the UK.

As part of this review, Sir Peter should consider:

- the quality and reliability of major connections across the UK
- likely current and future demand for transport links
- the environmental impact of policy options (including with regard to climate change)
- existing work completed by the government on cross-UK connectivity

The review should consider the work across modes to restart and recover from the COVID-19 pandemic, including the Aviation Recovery Plan.

Sir Peter should make recommendations as to whether and how best to improve transport connectivity across the UK in the long term, including how to bolster existing connections. This work should cover transport connectivity between England, Scotland, Wales and Northern Ireland via road, rail and air, and across the Irish Sea.

Any recommendations made by Sir Peter should be consistent with the UK's wider fiscal strategy and underpinned by detailed, published economic analysis. Sir Peter should ensure that any recommendations he makes have significant benefits to either economic growth or quality of life in the UK.

Sir Peter should also consider in detail:

- cost
- feasibility
- value for money
- delivery arrangements and the time that recommendations may take to deliver
- how any projects he proposes should be sequenced

This analysis should be published.

In carrying out his study, the government asks Sir Peter to:

- consider likely future transport need and technological development in the long-term, which the government defines as the next 20-30 years
- consult widely with relevant government agencies, including the Department for Transport, including its modal teams, Scotland Office, Wales Office, Northern Ireland Office, National Infrastructure Commission, alongside the devolved administrations, local authorities and their infrastructure commissions
- consult widely with industry, academics, engineering experts and the general public

Timing

Sir Peter will report his findings to the Prime Minister, the Secretary of State for Transport and the Chancellor, and publish his interim report in January 2021 and final recommendations in summer 2021.



Union Connectivity Review

Michael Matheson MSP
Cabinet Secretary for Transport, Infrastructure & Connectivity
The Scottish Government
St Andrews House
Regent Road
Edinburgh EH1 3DG

Sir Peter Hendy CBE
Walker Suite
Waterloo General Offices
Waterloo Station
London SE1 8SW

17 November 2020

Dear Michael

As you know, I have been asked by the Prime Minister to review the connectivity of the United Kingdom, with the aim of establishing how better transport could support economic growth, jobs, housing and social cohesion across the UK.

I am therefore, of course, keen to discuss with you the views, policies and plans of the Scottish Government on these very substantial issues. It is particularly important to me that we can adduce evidence which allows a fuller appraisal than conventional transport appraisal allows of proposals which are crucial for the nations, regions and communities they would serve but which on narrow transport value of time appraisal often fail to get to the point of funding. I am interpreting my remit to cover not only fixed infrastructure but where appropriate air and ferry facilities and connections.

Within those discussions, I would welcome your views on the proposition of developing a Trans-UK Transport Network akin to the European Union Trans-European Network. Were that to be a way forward, it might well be that the UK Government would be persuaded to fund and deliver such a network in the way the EU currently does.

Our formal call for evidence was published on 16 November and this will provide a further conduit for you and other interested parties to contribute to our understanding and help shape the outcome of my review.

You will also know that I am specifically asked to investigate a fixed link between Northern Ireland and mainland Britain and I will be happy to tell you how I am proceeding on that issue.

Other than one informal discussion, I have not sought to meet Transport Scotland on this and will not do so until our meeting.

I look forward to speaking to you on 26 November.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Hendy', written over a light blue grid background.

Sir Peter Hendy CBE



Union Connectivity Review

The Union Connectivity Review
Great Minster House
33 Horseferry Road Westminster
London SW1P 4DR

ucr@dft.gov.uk

25 November 2021

To Michael Matheson MSP,

Publication of the Union Connectivity Review

I am writing to inform you that my Union Connectivity Review final report is due to be published tomorrow and to thank you for your contribution to its findings.

As you are aware, I was asked by the Prime Minister to review transport connections between England, Scotland, Wales, and Northern Ireland and to make a series of recommendations that would support economic growth and improvements in quality of life in all parts of the United Kingdom.

I was also asked to undertake a technical feasibility study of a Fixed Link between Northern Ireland and Great Britain. This will also be published tomorrow.

In the process of undertaking my review I have engaged with over 100 individuals directly and received written submissions from over 150 different individuals and organisations from across the United Kingdom. I have also met with Transport Ministers from Scotland, Wales, and Northern Ireland, including yourself, and I thank you for doing so.

As I noted in my interim report in March, I have identified the benefits of developing a new transport network for the whole of the United Kingdom which I have described as UKNET. With appropriate funding, the development of such a network could result in real improvements to the appraisal and delivery of cross border transport links which would result in real benefits for people across the whole of the United Kingdom. I am encouraging the UK Government to work closely with the Scottish and Welsh Governments and with the Northern Ireland Executive in the delivery of this.

In relation to Scotland I have recommended that the UK Government works to significantly upgrade the West Coast Main Line north of Crewe to improve reliability, capacity, and journey times to and from Scotland and to maximise the benefits of HS2, which I know is of importance to the Scottish Government. I have also made recommendations relating to the A75, and to the east coast road/rail corridor between Newcastle and Edinburgh.

In addition, I have made several policy recommendations including for a reduction in APD on domestic flights, which I am pleased to see was included in the recent Spending Review, and should support greater connectivity to and from Scotland.

I have sought to align my work with the public commitments and ambitions of the Scottish Government as set out in your National Transport Strategy and the associated Delivery Plan.

Most of my specific recommendations need further work to determine what detailed proposals are justified to be taken forward; whilst this will prolong the timescale for actual improvements it is a consequence of the lack of focus on Union connections in recent times. I am clear in my view that collaboration between the UK and Scottish Governments in this process will be of benefit to all.

In terms of the Fixed Link between Northern Ireland and Great Britain. I asked Professor Gordon Masterson OBE and Professor Doug Oakervee CBE to undertake a technical feasibility study on my behalf. They have found such a link to be feasible using current technology, but that it would require significant supporting infrastructure on either side of the Irish Sea and would have a very significant overall cost. Although I believe that such a link has the potential to transform the economy of the island of Ireland, and that it was a very sound question to ask, I have recommended that the UK Government does not proceed with any further work on this project at this time.

I enclose my Final Report and, separately, the Fixed Link Feasibility Study.

Also, I am copying this letter and the final reports to Graeme Dey MSP, as Minister for Transport.

With best wishes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Hendy', with a stylized flourish at the end. The signature is written on a light-colored background.

Sir Peter Hendy CBE

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Cabinet Secretary for Transport, Infrastructure and Connectivity,

This is a combined briefing for two meetings on same subject, taking place sequentially:

**Meeting with Sir Peter Hendy
Chair of the Union Connectivity Review
9 March 2021, 15:45 – 16:30**

**Meeting with Secretary of State Grant Shapps
regarding Union Connectivity Review
9 March 2021, 16:30 – 17:00**

Key Message	<ul style="list-style-type: none">• We seek to engage constructively with the UK Government, however, we will absolutely not sign up to anything which in any way undermines the devolution settlement.• Scotland, and the other devolved administrations, have robust processes for identifying our investment priorities, each setting our own transport strategies and priorities for transport in our devolved nations.• Our processes for identifying transport investment priorities are not undertaken in isolation and are in place to allow assessment of cross-government spending priorities across a whole host of other portfolios.• The Union Connectivity Review and Levelling Up Fund Prospectus, are examples of a disregard for devolution.• All devolved administrations have agreed that there is a need to address the historic underfunding of transport infrastructure and to promote growth in all parts of GB and NI.• However, the way in which we work together to address that problem and improve connectivity, must be done in the right way.
Who	15:45: Sir Peter Hendy 16:30: SoS Grant Shapps
What	Meeting to discuss the Union Connectivity Review (UCR)
Why	Both would like to speak with the Cabinet Secretary before the publication of the UCR interim report – which will be overnight on Tuesday for Wednesday AM.
When	<i>9 March 2021</i>
Supporting Officials	Alison Irvine, Director of Transport Strategy and Analysis Fiona Brown, Head of Transport Strategy and Analysis
Briefing	Annex A: Discussion points, suggested questions and steering brief for meeting Annex B: Latest Correspondence Annex C: Terms of Reference for the UCR Annex D: Note of Previous meeting with Sir Peter Hendy

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ANNEX A

Union Connectivity Review

Discussion Points (no agenda received)

- Publication of the Interim report of the Union Connectivity Review

Suggested Questions for SPH

- When will we receive a copy of the Interim report?
Note: Officials will advise if this has been received before the meeting – we are not expecting until after but have made the point to officials in DfT that you should be sighted before the meetings.
- Have you accounted for our National Transport Strategy and second Strategic Transport Projects Review?
- How have you handled the investment priorities for Scotland raised by those you have engaged with?
- How will the UCR reflect the devolved responsibility of transport?
- How have you reflected on the fact we have Scottish Transport Appraisal Guidance (STAG)?
- Are you clear on the source of funding for any UK Strategic Network to replace TEN-T i.e. whether that is UK Government or devolved funding?
- How does the UCR fit with the Levelling Up Fund?
- What is the remit of the next phase of the UCR?

Handling

- We would advise following the publication of the Interim report, you write a letter to Grant Shapps, restating your position with regard to the Review. This letter would also provide a response to the Interim report, from the Scottish Government and would contain a series of asks of the UK Government, which would improve connectivity for Scotland across the UK and onto Europe – but does not encroach onto devolved areas.
- Communications advice is that this letter would be sent to SPH but also published on the Scottish Government or Transport Scotland website as a news item, it could then be shared on your social media account.
- We recommend immediate reaction to your meeting with SPH and Grant Shapps on social media – to reflect the key lines to take and the fact you will review the Interim report with keen interest to see if your concerns have been addressed.
- This will allow analysis of the content of the Interim report and advice on the letter to be prepared by officials and published within a week of publication of the Interim report.

Briefing Content

1. Union Connectivity Review
2. Infrastructure Investment Plan and Planning Transport Investment
3. Transport Appraisal
4. Trans-European/UK Transport Network
5. Fixed Link between Scotland and Northern Ireland
6. Areas the UK can contribute to Improved Connectivity between Scotland the rest of the UK and beyond.

1. Union Connectivity Review

Lines to take

We seek to engage constructively with the UK Government, however, not in a way that undermines the devolution settlement.

- This Union Connectivity Review must not be positioned to create a list of transport investment by which new powers under Internal Market Act can then be utilised without our consent as devolved Ministers
- The publication of the Levelling Up prospectus last week showed us that is exactly the intention of the UK Government – to disregard devolved responsibility.
- Transport infrastructure is a devolved matter and the Union Connectivity Review and Levelling Up prospectus was established without any meaningful discussion with devolved administrations.
- Clarity is needed from the UK Government, on when and if sufficient capital funding will be made available to allow decisions on infrastructure priorities to be taken by each devolved government.

Transport infrastructure investment should focus on projects that improve lives, boost our economy, support communities and work towards Net Zero.

- That is how we are planning Scotland's future transport infrastructure investment through the second Strategic Transport Projects Review.
- Scotland, and the other devolved administrations, have robust processes for identifying our investment priorities, each setting our own transport strategies and priorities for transport in our devolved nations.
- Our transport investment will improve lives, boost our economy, support communities and work towards Net Zero.
- Our processes for identifying transport investment priorities are not undertaken in isolation and are in place to allow assessment of cross-government spending priorities across a whole host of other portfolios.
- Example of this are the Infrastructure Investment Plan and the approach to Comprehensive Spending Reviews.

Background

1. Transport Scotland officials met with DfT today (Monday 8th, 16:30) to discuss the meetings you are having on Tuesday, we also asked for a copy of the report. The following key points were made:

- SPH has a meeting with the Prime Minister tomorrow (before your meeting).
- The Interim report will be published during the night of Tuesday 9th/ Wednesday 10th March.
- A copy is not planned to be shared with TS officials or you before the calls with SPH and Grant Shapps, but shortly after. TS officials raised this as an issue and asked for a copy in advance. DfT seeing if that is possible.

2. During the call, DfT officials shared the following regarding the Interim report: Focus on what stakeholders provided and said during the Call for Evidence stage.

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- Will set out that devolution has been and is good for transport.
- Sets out the role of the UCR in a cross UK strategic network and the methodology for assessing that e.g. the problems, future demand and assessing of interventions.
- The final report (summer 2021) will make recommendations on a UK Strategic Transport network.
- For Scotland we expect this to include – High speed rail to Scotland, investment in A75 and A1, air routes between northern Scotland and rest of UK and connections to our Greenport(s).
- Regarding fixed link to Ireland, will mention separate commission which will look at feasibility only.

3. Transport Scotland expressed concern that the review was being progressed without discussions or agreement between respective Ministers. Further to discussion with NI and Wales and the publication of the Internal Market Bill earlier this month, the joint letter was issued to Grant Shapps on 16 September and he has responded (see **Annex B**).

4. The scope of the review includes all cross-border journeys – meaning those journeys that start and end within different nations of the UK. Potential improvements or changes to transport links at any point on these journeys are in scope of the review and the call for evidence. Terms of Reference are provided in **Annex C**.

5. This call for evidence states that it provides an opportunity for individuals and organisations to:

- direct the review’s attention to areas in which multi-nation journeys within the UK have the potential to be improved
- identify the importance of transport connectivity more generally
- set out strategic opportunities for improvements in cross-border transport

6. It seeks information on the following topics:

- the importance of cross-border transport links to existing growth strategies
- appraisal methodologies and how these can support investment in cross-border transport
- specific journeys with the potential for improvement, and the cost and feasibility of these
- the potential development of a pan-UK strategic transport network
- non-physical changes to support cross-border connectivity such as service provision or financial support
- the social and environmental impact of additional or improved transport links
- the UK’s ability to deliver a truly national transport strategy
- the feasibility and need for a fixed link between Northern Ireland and Great Britain.

7. You spoke with SPH on 26 November and expressed concern that the review was being progressed without discussions or agreement between respective Ministers. We have received a note of discussion of this meeting from the DfT on Monday 8th (**Annex D**). Transport Scotland have not been approached to formally engage with the Review, however officials have fortnightly calls with the DfT and the

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Union Connectivity Review has been added to agenda recently, for discussion (by the DfT) however limited information has been shared.

8. Transport Scotland have not been approached to participate in any meetings or engage with the Call for Evidence. We are aware of a Scotland roundtable which took place in January, with local authorities and their representatives. [REDACTED]

9. The Interim report is expected to be published in the days after your meeting with SPH. Further to the invitation to meeting, Transport Scotland asked DfT for a copy of the report, along with the note of the last meeting, however no response has been received.

2. Infrastructure Investment Plan and Planning Transport Investment

Lines to take

- It is essential that Scotland receives a fair and sufficient funding settlement, on transport and infrastructure as well as other key areas of spending and investment. The UK Government has been focussed on London for too long, and needs to deliver on its rhetoric on levelling up across the UK.
- In June, SG published a paper outlining ten principles we believe the UK Government should follow to support the economy and public finances, as we recover from the impacts of Covid-19.
- These included pressing the case for a significant fiscal stimulus and accelerating major investment in infrastructure as well as loosening of the restrictions on our borrowing powers.
- The Scottish Government remains committed to increasing levels of investment through our National Infrastructure Mission which will deliver over £33 billion of Scottish Government investment in the next five years
- Scottish Ministers will continue to promote the value of infrastructure investment in our dialogue with the UK Government.
- Scottish Ministers continue to urge the UK Government to prioritise capital stimulus within its own spending plans.
- Our Infrastructure Investment Plan (IIP) was published on 4 February and covers the next five financial years from April 2021.
- The IIP delivers the National Infrastructure Mission – and sets a long-term vision of infrastructure supporting an inclusive, net zero carbon economy in Scotland.
- It provides a pipeline of public sector infrastructure delivery, giving confidence to construction sector and supporting our economic recovery from COVID-19.
- It includes details of over £26 billion of major projects and national programmes – with more to be confirmed in future years.
- It shows how we will enhance our approach to choosing the right future investments and introduces a new infrastructure investment hierarchy placing an emphasis on maintaining, enhancing and re-purposing what we already have ahead of building new.
- We consulted on the draft IIP until 19 November in order to ensure the right final approach that benefits the whole of Scotland both now and in the future.

Planning Transport Investment in Scotland

- Transport Scotland is undertaking the second Strategic Transport Projects Review (STPR2) to help inform strategic transport investment in Scotland for the next 20 years.
- STPR2 will help to deliver the vision, priorities and outcomes for transport set out in the National Transport Strategy (NTS2). It will align with other national plans such as the National Planning Framework (NPF4), Climate Change Plan Update (CCPU) and Infrastructure Investment Plan (IIP).
- At the core of STPR2 is the Sustainable Investment Hierarchy. We will aim first to reduce the need to travel unsustainably. We aim then to make better use of and enhance existing infrastructure, before investing in new capacity. This hierarchy is also central to NTS2, NPF4, the CCPU and the IIP.
- STPR2 embeds the Sustainable Travel Hierarchy, which is also at the heart of NTS2. We will prioritise walking, wheeling and cycling for shorter everyday trips, over private car use. Through STPR2, we will also encourage, public transport for short to medium length trips, and use of rail and low emission vehicles for longer trips.
- The NTS Delivery Plan sets out all the actions of Government, being taken to deliver towards the NTS.
- We published an STPR2 update on 3 February, including 20 recommended interventions for Phase 1.
- We will publish our 20 year investment plan towards the end of 2021.

Levelling Up Fund

- It is disappointing that the UK Government has again decided to use the powers it has given itself in the Internal Market Act to bypass the Scottish Parliament and Government, in ways that could contradict the devolved priorities of Scotland.
- There is no reference to the Scottish Government's National Transport Strategy.
- I would hope that the UK Government would ensure that any projects in Scotland fully align and support the aims and priorities of the National Transport Strategy.

Background

10. The Infrastructure Commission for Scotland (ICS) brought invaluable independent expertise and insight to the discussion on how we develop our long-term infrastructure strategy.

11. The IIP responds to the Infrastructure Commission's Phase 1 recommendations and shows how we will implement them in consultation with industry, delivery partners and the people of Scotland. It also broadly accepts their Phase 2 recommendations, published in July 2020, with more detail on some aspects to follow later

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12. UK National Infrastructure Strategy (Published 25 November):

- The UK's National Infrastructure Strategy risks undermining the devolution settlement.
- While the Strategy boasts a £27bn real terms increase in 2021-22, increases are in reserved areas.
- Scotland needs an infrastructure-led economic recovery to deliver new jobs and speed up the transition to net zero. That won't be possible with our capital budget taking a significant cut.
- Further clarity is needed on when and if sufficient capital funding will be made available to allow decisions on infrastructure priorities to be taken by each devolved government.
- Much of our stated ambition in the IIP on delivering an inclusive, net zero carbon economy in Scotland is echoed in the UK's plans.
- We will continue to work closely with UK Government officials on the detail of the Strategy to understand the implications for Scotland and to ensure Scotland's interests are considered.

13. UK National Infrastructure Bank:

- The UK's national infrastructure bank must operate in a manner which complements existing major policy instruments in Scotland,
- This includes the Infrastructure Investment Plan and Scottish National Investment Bank, as well as respecting and adding value to existing loan and financing options.
- This is particularly the case while the UKG's new Bank operates in shadow form and without its own legal establishment.

14. Capital Budget:

- Capital - Despite the Chancellor announcing a £27bn real terms increase in UK capital expenditure since 2019-20, the Scottish Government's capital budget was cut by over 5% in the UK Spending Review for 2021-22.
- Scotland needs an infrastructure-led economic recovery to deliver new jobs and speed up the transition to net zero. That won't be possible with our budget being cut.
- We know that capital investment can have one of the biggest positive impacts on economic growth – so a cut, during a recession, is especially harmful.
- To smooth out this cut the Scottish Government has set out its plans to draw down £200 million FTs from our reserve next year, and to maximise our capital borrowing to smooth investment and protect Scottish jobs.

Planning Transport Investment

15. STPR2 will set investment priorities for Scotland, within the developed competence of Scottish Ministers and within the current legislative and policy framework.

16. It is evidence led and prepared to identify investments which will contribute, most significantly towards our NTS. Any other approach to identifying strategic investment in transport in Scotland, undermines that.

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17. NTS was undertaken in collaboration with local authorities and regional transport partnerships. They have a responsibility to prepare their own regional and local strategies which align with NTS. Therefore, their investment planning should contribute to that overarching strategy, as well as other policy and targets for Scotland or local/regional targets.

18. The Scottish Government working collaboratively with external transport and planning professionals including from local government and regional transport partnerships undertook a review of transport governance as part of the National Transport Strategy Review. The recommendations noted that the case for change is made and that going forward any changes to transport governance in Scotland should be on the basis of some form of regional model allowing for spatial variation.

19. In recognition of the fact that this is complex and further detailed work is needed to determine the exact form of a regional model and to develop a proposal and plan capable of implementation we have in place a transport governance and collaboration group.

Levelling Up Fund

20. The Levelling Up Fund was announced as part of the 2020 Spending Review, with up to £4.8 billion until 2024-25 being made available across the UK, with at least £800 million invested in Scotland alongside Wales and Northern Ireland. Details were set out in a prospectus which was published on 3 March 2021 alongside the UKG budget.

21. The UKG is using the new financial assistance powers that are included in the UK Internal Market Act so that it can distribute finance directly to local authorities in Scotland and Wales, circumventing the Devolved Administrations.

22. The Fund will focus on capital investment in local infrastructure specifically:

- Transport Investments
- Regeneration and Town Centre investments
- Cultural Investment

23. Funding of up to £20 million for an individual project or package of bids is available with between £20 million and £50 million for larger high value transport projects.

24. Funding is being targeted on areas which are deemed by the UKG to be of most significant need. In Scotland this is Dumfries and Galloway, Borders, the majority of the central belt, and Dundee.

25. The Fund is being developed and run as a collaboration between HM Treasury, Ministry of Housing Communities & Local Government, and the Department for Transport. The deadline for the first applications is 18 June 2021.

26. Funding will be delivered through local authorities and the Scottish and Welsh Territorial Offices will be consulted in the assessment of relevant bids, whereas the

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devolved administrations will only have a role at the discretion of the UKG departments.

27. One of the assessment criteria will be strategic fit with local priorities and the document explicitly states that “Projects should be fully aligned and support any relevant local strategies”. There is no reference to our National Transport Strategy.

3. Transport Appraisal

Lines to take

- Scottish Transport Appraisal Guidance (STAG) is used where Government funding, support or approval is sought for justified changes to the transport system.
- Transport Appraisal in Scotland consider Value for Money to be on the basis of the whole socio-economic case, not just the travel time saved.
- We consider ourselves leaders in that respect, with emphasis on the Strategic Case element of the business case model.
- Nonetheless, we are updating STAG, by end of 2021. A key driver for the update is to reflect the NTS2 Vision, Priorities and Outcomes.
- The vision is that we will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors.
- The priorities are: Reduces inequalities, Takes climate action, Helps deliver inclusive economic growth, and Improves our health and wellbeing.
- The NTS2 is a Strategy for the whole transport system (people and freight) and it considers why we travel and how those trips are made, by including walking, wheeling, cycling, and travelling by bus, train, ferry, car, lorry and aeroplane. It is a Strategy for all users: those travelling to, from and within Scotland.
- The Strategy is a catalyst for transformational change. It sets out the need to manage transport demand in accordance with the sustainable transport hierarchy.
- It also introduces the Sustainable Investment Hierarchy will be used to inform future investment decisions and ensure transport options that focus on reducing inequalities and the need to travel unsustainably are prioritised. Next comes maintaining and safely operating existing assets, then making better use of existing capacity and only following these steps will investment involving targeted infrastructure improvements be considered.
- In the longer term (post 2021), we will revisit the basis of economic appraisal of transport and consider how the wider social impacts can be further embedded into the process in the light of a changing economy and the concept of Industrial Revolution 4.0.
- Transport is a derived demand so appraisal will require consideration of interventions wider than transport. Better utilisation of space and place-setting, improved planning approaches, enhanced digital connectivity and increased location-focus should all be considered.

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- Recognising that the future is uncertain, we are taking a scenario planning approach in investment decisions to ensure Scotland is an attractive place to live and do business.

Background

28. STAG follows the principles of HM Treasury Green Book advice on Appraisal. The DfT produce similar guidance – TAG (Transport Appraisal Guidance) which was formerly known as webTAG.

29. TAG is focussed on the Socio-economic Case of the 5-case Business model. Conversely STAG comprises both the Strategic Case as well Socio-economic Case. This emphasis on the Strategic Case particularly where this links back to the NTS (England does not have an NTS) is a key difference between the two approaches.

4. Trans-European Transport Network (TEN-T)

Lines to take

- There are a number of fundamental questions that would need to be considered in designing and governing a replacement for the TEN-T and it is imperative that the terms of the network are developed in a fully collaborative way with equal cooperation of all 4 nations.
- It will be important to be clear on the purpose of any proposed UK Strategic Network – is it about connecting within the UK or connecting out to the wider world.
- The Network would need to align with our infrastructure investment hierarchy and the National Transport Strategy

Purpose of a UK Strategic Network / replacement for TEN-T

- It is important to be clear on the purpose of any proposed UK Strategic network i.e. whether the network is about connecting within the UK or to the wider world. This purpose should be developed in collaboration between all 4 nations.
- It will be vital that any replacement of funding for the TEN-T network in the UK still focuses on support for all parts of Scotland to connect to the rest of the European Union and beyond
- We would wish to see the objectives of any UK Strategic Network aligned with our infrastructure investment hierarchy and the National Transport Strategy, so that any investment which would be made using Trans-UK network funding supported Scotland's priorities.
- However, should the purpose of a Trans-UK network replicate the TEN-T, the aim would be to “close gaps, remove bottlenecks and technical barriers, as well as to strengthen social, economic and territorial cohesion”, across the UK – which is in line with the UK's National Infrastructure Strategy's policies for 'levelling up'.
- Without a common set of objectives across the UK, it is challenging to see how a particular nation's investment priorities would prevail in decisions relating to the UK wide network.

Governance

- The UK Government and the Scottish Government have not reached agreement on a new, wider package of inter-governmental relations as the framework for future engagement across the 4 nations.
- Until agreement on the wider package of relations can be reached, how would relations between the 4 nations function regarding any UK Strategic Network?
- Would common standards have to apply across all 4 nations? If so, how is it envisaged they would be applied and governed?

Funding of a UK Strategic Network

- Considerable funding was available from the EU in the early days of the TEN-T network to support infrastructure improvements
- Recent funding has focussed on improvements to improve the networks which exist, such as the finance received from the Connecting Europe Facility (CEF) which enabled the enhancement of the deployment of Intelligent Transportation Systems (ITS) across the Scottish motorway and trunk road network
- The EU had a competitive system and regional quotas governing the allocation of funding. It will be important to be clear on how projects would be approved in any UK strategic network, and on how the allocation of funding would be governed.

Background

30. TEN-T is a planned set of road, rail, air and water networks designed to serve the EU. Through guidelines and funding, TEN-T supports coordinated improvements to the network to provide integrated and intermodal long-distance high-speed routes for the movement of people and freight. Competitive Funding was available from the European Union to support aspects of developing the TEN-T.

31. The original concept of the TEN-T network changed to the use of core network corridors with a focus on cross-border infrastructure development (i.e. between EU Member States).

32. The UK is in principle no longer be part of these corridors. However these connections remain important strategically for the UK and Scotland.

5. Fixed Link between Scotland and Northern Ireland

Lines to take

- The Scottish Government has not investigated or undertaken any feasibility for a fixed link between Scotland and Northern Ireland and has no current plans to do so.
- This talk of constructing a physical link between Scotland and Northern Ireland is an attempt to distract from the impacts caused by the UK Government's decisions on the form of Brexit
- Having a physical connection, such as a bridge or a tunnel, between Britain and Northern Ireland will not remove the constraints of increased complex

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paperwork requirements to ship Scottish goods to Northern Ireland and to the EU.

- In Scotland we take a more rounded assessment, examining the cost, impacts, risks and benefits of the project overall.
- We take a holistic approach to make sure that decisions are properly balanced.
- Whilst Engineers rarely shy away from such an attractive challenge, that also means that the project will come with significant cost, risk and environmental impact.
- Just because project is technical feasibly, which is still questionable, it doesn't mean that we should built it.
- These types of concepts, proposed without any rationale, are rarely realised.
- The first step should be establishing the need, the 'strategic case' for such an intervention.

Background

33. Both SG and NIE have expressed views to UKG that potential funding for a fixed link would be better spent on delivering the vital infrastructure investment for communities in Scotland and Northern Ireland. It has also been made clear that both administrations believe infrastructure investment should be focused on projects that will improve lives, boost our economy and connectivity, support communities and crucially work to address the climate emergency.

34. In December 2019, it was reported that the Prime Minister had asked UK Treasury / Dept for Transport officials for advice on how a bridge between NI and Scotland could be paid for and the risks of such a project. Many people (reported as experts in the media) have spoken out about the impracticalities of this naming Beaufort's Dyke (submarine trench containing tonnes of Second World War munitions), weather conditions and the vessels which currently use the on this stretch of sea. Transport Scotland have not undertaken an analysis of their own.

35. The UCR was commenced in September 2020, which included the scope of, "transport connectivity between England, Scotland, Wales and Northern Ireland via road, rail and air, and across the Irish Sea."

36. It is understood, through the media in February/ March 2021, that the Interim report of the UCR will make a recommendation for the UK Government to commission feasibility into tunnel(s) between GB and NI, ruling out a bridge due to weather and potential closures due to adverse conditions.

37. Costs for such a proposal have been estimated by the Institution of Civil Engineers in their publication, Irish Sea Crossing conundrum in December 2020, with the range reflecting road/ rail and bridge/ tunnel options:

Route 1 (Scotland to NI): £40bn-£50bn.

Route 2 (Holyhead to Republic of Ireland): £30bn-£50bn

6. Improving Connectivity Between Scotland, rest of UK and beyond

Lines to Take

Aviation

- Our ask of the UK Government is for a proportional share of the new capacity to be introduced sometime after 2026 to ensure domestic connectivity to the UK's only global hub is enhanced.
- While we continue to work with airports on route recovery, to help rebuild connectivity for business and tourism once we are able to safely lift travel restrictions, we are clear that Scotland's economy need a strong mix of direct routes and connectivity through the UK's only global hub airport.

Rail

- Scotland's rail connectivity with England and Wales relies on two increasingly overloaded rail arteries and HS2 will only add to that problem when high speed trains complete their journey to Scotland over existing constrained infrastructure.
- It is imperative that we find solutions to deliver greater capacity on these routes to ensure longer-term economic sustainability and connectivity.
- Until goods and people can move around Britain quickly and easily, we can't hope to solve the productivity crisis which lies at the root of the North-South divide, neither can we hope to build a recovery on a transport system which is buckling under its increasingly overloaded capacity.

In respect of rail we would wish the UK Government to consider our asks in relation to:

- Acceleration and expansion of HS2 to Scotland (via the West Coast and East Coast) as it is a credible strategy for -
 - i. reducing domestic air travel and aviation emissions in the UK
 - ii. encouraging long distance Anglo-Scottish freight movements to electrically powered rail freight from diesel powered HGV traffic
 - iii. improving connectivity and the associated agglomeration effect between major regions
 - iv. increasing capacity in the rail network for the direct benefit of passengers and freight
 - v. generating more sustainable growth and prosperity by providing opportunity more evenly through greater capacity and connectivity
 - vi. catalysing skilled job creation
- Electrified rail routes to container ports so as to facilitate electric rail freight and, additionally, to the newly proposed Freeports so as to maximise the economic benefits of these ports across the whole of Britain. Electrification has historically been prioritised on passenger routes leaving gaps on freight access routes to the major ports at Teesport, Felixstowe, Thames Haven and Immingham and on key diversionary routes, necessitating a large proportion of rail freight being hauled by diesel traction. A focus on infill electrification will therefore enable freight to be hauled by electric locomotives, which typically

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have twice the tractive power and significantly lower carbon emissions, on the Anglo-Scottish routes.

Ports

- Whilst we would be happy to work with UKG counterparts on supporting some of the more strategic projects at Scotland's ports as they come along, this would be best done on the basis of a consideration of the mutual and strategic benefits which would accrue to Scotland and RUK.

[REDACTED]

Background

Aviation

38. Our concern – shared by colleagues in Northern Ireland and the North East of England – is that new capacity at LHR is taken up entirely by long haul to the detriment of domestic connectivity to feed it. We are confident that LHR understand the importance of that need UKG to put in place measures to protect a share of new capacity for domestic connections.

39. The Memorandum of Understanding we signed with Heathrow Airport ensures Scotland will benefit from this major infrastructure project which will bring significant job creation and investment opportunities to Scotland.

40. Heathrow's £15 reduction in charges helped secure the Inverness-Heathrow route which has provided a significant economic boost to the Highlands.

Rail

41. The Department for Transport and Transport Scotland, working collaboratively, have confirmed the feasibility of a new 4-tracking of the East Coast Main Line which would significantly increase capacity and halve the journey time between Edinburgh and Newcastle to just 45 minutes. This new route section, in conjunction with HS2, would also achieve the joint governments' air-competitive 3 hour journey time target between London and Edinburgh.

42. The Scottish Government would welcome the following within the UKG's rail plans:

- The extension of Newcastle Station to facilitate through running of 400 m high speed trains to Edinburgh on an eastern alignment.
- New high speed route sections between Bay Horse and Low Gill in Lancashire, and between Abington and Glasgow to reducing journey time on the West Coast Main Line, which will bring economic benefit and progress the decarbonisation of transport.
- Consideration of an earlier investment in high speed rail infrastructure in the north of England and Scotland in order to release the latent economic growth potential that is being suppressed by relatively poor connectivity.

Ports

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43. Ports in Scotland are privately owned, or Scottish Government (through CMAL) or local authority owned or trust ports which are run by trustees for the benefit of all port stakeholders. The Scottish Government and its agencies have provided financial support for projects of strategic importance but ports in Scotland operate in the commercial sphere with investment in the main, made without government support.

44. Examples of recent ports' projects in Scotland which have benefitted from SG support:

- Stornoway Port Authority, Deep Water Facility. A £49m project – HIE grant of £10m, Local Authority funding of £37.5m and cash reserves of £1.5m from the Port. The SG is supporting the project through the Growth Accelerator mechanism;
- Scrabster Harbour Trust, St Ola Pier development. A £20m development including £3m funding from HIE and £5m from the Nuclear Decommissioning Authority.

45. The UK Government is providing support for Aberdeen, Grangemouth, Greenock and the 2 ports in Loch Ryan as part of its Port Infrastructure Fund. This support will help pay for the new border infrastructure required as a consequence of the UK's exit from the EU. This is a legitimate intervention in areas of devolved and reserved competency and necessary as a result of UKG decisions. The UKG's port renewables fund coverage was also extended to Scotland although we understand that most ports in Scotland did not meet the application criteria.

[REDACTED]

46. Scotland's ports would be happy to accept UKG support for their major infrastructure projects and the loss of revenue as a consequence of C-19 and Brexit at Scotland's ports has begun to feed through to investment projects such as the South Harbour. The question of what the UKG should be legitimately providing support for is nuanced. There are areas of the larger ports' operations which fall within reserved areas of competency but Scotland's ports at present, perhaps excluding Aberdeen and Grangemouth, do not appear to be considered by the UKG to be of strategic importance to the wider UK.

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ANNEX B

LATEST CORRESPONDENCE WITH GRANT SHAPPS/ ANDREW STEPHENSON

Letter to Secretary of State Grant Shapps from three Devolved Administrations – 16 September 2020

(attached)

Reply – 7 October 2020

(attached)

Letter to Minister of State Andrew Stephenson regarding Integrated Rail Plan – 14 October 2020

(out of scope)

ANNEX C

TERMS OF REFERENCE UNION CONNECTIVITY REVIEW

The UK government is building a stronger and fairer economy for the future.

To support this aim, the government is keen to understand whether and how connectivity across the UK can support economic growth and quality of life, particularly as the country recovers from the COVID-19 pandemic.

This will be an independent review led by Sir Peter Hendy.

Scope

The government asks Sir Peter to undertake a detailed review of how the quality and availability of transport infrastructure across the UK can support economic growth and quality of life across the whole of the UK.

As part of this review, Sir Peter should consider:

- *the quality and reliability of major connections across the UK*
- *likely current and future demand for transport links*
- *the environmental impact of policy options (including with regard to climate change)*
- *existing work completed by the government on cross-UK connectivity*
- *The review should consider the work across modes to restart and recover from the COVID-19 pandemic, including the Aviation Recovery Plan.*

Sir Peter should make recommendations as to whether and how best to improve transport connectivity across the UK in the long term, including how to bolster existing connections. This work should cover transport connectivity between England, Scotland, Wales and Northern Ireland via road, rail and air, and across the Irish Sea.

Any recommendations made by Sir Peter should be consistent with the UK's wider fiscal strategy and underpinned by detailed, published economic analysis. Sir Peter should ensure that any recommendations he makes have significant benefits to either economic growth or quality of life in the UK.

Sir Peter should also consider in detail:

- *cost*
- *feasibility*
- *value for money*
- *delivery arrangements and the time that recommendations may take to deliver*
- *how any projects he proposes should be sequenced*
- *This analysis should be published.*

In carrying out his study, the government asks Sir Peter to:

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- *consider likely future transport need and technological development in the long-term, which the government defines as the next 20 to 30 years*
- *consult widely with relevant government agencies, including the Department for Transport, including its modal teams, Scotland Office, Wales Office, Northern Ireland Office, National Infrastructure Commission, alongside the devolved administrations, local authorities and their infrastructure commissions*
- *consult widely with industry, academics, engineering experts and the general public*
- *Timing*
- *Sir Peter will report his findings to the Prime Minister, the Secretary of State for Transport and the Chancellor, and publish his interim report in January 2021 and final recommendations in summer 2021.*

Review team

The review will be led by Sir Peter Hendy CBE.

He will be supported by a panel consisting of:

- *Michèle Dix CBE*
- *Elaine Seagriff*
- *Neale Coleman CBE*
- *Professor David Begg*
- *Secretariat support will be provided by the Department for Transport.*

Undertakings of confidentiality will be entered into with the Chair and panel as necessary.



Scottish Government
Riaghaltas na h-Alba
gov.scot



Llywodraeth Cymru
Welsh Government



Ref: KS/307/20

RT Hon Grant Shapps MP
Secretary of State for Transport
Department for Transport

grant.shapps@dft.gov.uk

16 September 2020

Dear Grant,

As Ministers responsible for infrastructure in the three devolved governments we wanted to write to you about our significant concerns with the UK Government's connectivity review, announced without consultation by the Prime Minister on 30th June and to be chaired by Sir Peter Hendy.

In advance of our individual discussions with you in the coming days, we wanted this letter to set out our very clear joint position that the review should not in any way be used to undermine or supplant our devolved powers across Wales, Scotland and Northern Ireland, either directly or indirectly.

It's important to state at the outset that we believe that there is an important and valuable conversation to be had about connectivity and infrastructure across these islands. There has been historic underfunding of infrastructure outside of London and the southeast of England. A series of reports has laid out that challenge, as has the UK Government itself having made clear the need to 'level-up' the GB - NI economy.

We are in agreement that the UK Government should honour its commitments to infrastructure investment across the UK and you should do so by ensuring adequate new resource is made available through relevant budgets, to allow decisions on infrastructure priorities to be taken by each devolved government. We have all robust processes for identifying our investment priorities, each setting our own transport strategies and priorities for transport in our devolved nations. We suggest that further studies like this one are not required, however we would be willing to have meaningful engagement on the funding opportunities for these priorities.

We agree that there is a need to address the historic underfunding of transport infrastructure and to promote growth in all parts of GB and NI. However, the way in which we work together to address that problem and improve connectivity must be done in the right way. Any review must respect the individual responsibilities and devolved functions that rest with each of our four democratic devolved parliaments and that rest with us as Ministers. Any review that takes place must not in any way undermine those responsibilities or be used to pressure devolved governments into specific funding choices.

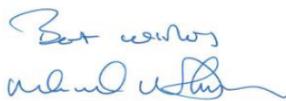
As Ministers we feel that we should be honest with you about these challenges. Following publication of the recent Internal Market Bill, we remain deeply concerned about the way the UK Government seems intent to encroach into our devolved powers and Ministerial responsibilities, something that is now eroding trust as reviews of this nature come up.

Sections of the Internal Market Bill – notably section 46 - create a mechanism for the UK Government to spend money in areas related to infrastructure that are clearly devolved to Scotland, Wales and Northern Ireland and without any required engagement with the devolved governments. This connectivity review must not be positioned to create a list of schemes by which that new power can then be utilised without our consent as devolved Ministers with devolved responsibility.

We believe that if a review of this kind is to take place, with meaningful devolved engagement, there must be agreement with the relevant infrastructure Ministers in each devolved administration on the terms of reference and the scope of its work.

We look forward to discussing this with you further in the coming week.

Yours sincerely



Michael Matheson
MSP
Cabinet Secretary for
Transport,
Infrastructure and
Connectivity

Scottish Government



Ken Skates AC/AM
Gweinidog yr Economi,
Trafnidiaeth a Gogledd
Cymru

Llywodraeth Cymru

Minister for Economy,
Transport and North
Wales

Welsh Government



Nichola Mallon MLA
Minister for
Infrastructure

Northern Ireland
Executive



Department
for Transport

Michael Matheson MSP
Ken Skates MS
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From the Secretary of State
The Rt. Hon. Grant Shapps

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Web site: www.gov.uk/dft

Our Ref: MC/310461
Your Ref: KS/307/20

7 October 2020

Dear Michael, Ken, Nichola,

Thank you for your letter of 16 September about the Union Connectivity Review and for the full and frank conversations we have had following it.

This review is not designed to undermine the devolved administrations. As noted in your letter, the UK Government has committed to level up the whole of the UK and improving connectivity is fundamental to this goal. The review is not about deprioritising schemes supported by the devolved administrations. Rather, it will assess what more can be done to improve connectivity, focusing on the journeys people make between Scotland, Wales, England and Northern Ireland.

The new UK Government powers to provide financial assistance align with this approach. They are in addition to the devolved administrations' existing powers, not opposed. They will allow the UK Government to complement and strengthen the support given to citizens in Scotland, Northern Ireland and Wales without removing this devolved responsibility.

The best way to ensure the review reflects the needs of our citizens is for us all to work with Sir Peter Hendy. The more information he has, the better able he will be to develop recommendations that reflect each of our priorities. I hope you agree, following our conversations, as I know you are the first people Sir Peter intends to meet in his review.

Yours sincerely,

Rt Hon Grant Shapps MP

SECRETARY OF STATE FOR TRANSPORT



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RT Hon Grant Shapps MP
Secretary of State for Transport
Department for Transport

grant.shapps@dft.gov.uk

24 March 2021

Dear Grant,

UNION CONNECTIVITY REVIEW – INTERIM REPORT

Further to our call on 8 March, when we discussed the publication of the UK Government Union Connectivity Review Interim Report, I am writing to you to set out why the Scottish Government disagrees with the premise of the Review; the way in which it was established; the lack of consideration given to the role of the devolved administrations in relation to transport investment; and the ways in which the UK Government could use its role to improve transport connectivity to Scotland, without encroaching on devolved powers.

PRINCIPLE OF THE REVIEW

The UK Government established the UCR without meaningful discussion, set the scope and dictated the terms of reference. You have not sought to work with the devolved administrations and we expressed this to you in our joint letter dated 16 September 2020. Despite your reply in October, we have little confidence in your willingness to work with us in a collaborative way. If it was the UK Government's intention to genuinely address a missing piece of transport connectivity, the Review would have considered in detail the transport investment planning the Scottish Government has done to date and continues to undertake, and would have focussed on those areas where the UK Government have powers rather than encroaching into areas of devolved responsibility.

There is no evidence in the UCR interim report to support the UK Government's assertion that the purpose of the Review is to fill a gap in transport investment which exists due to each of the devolved nations having an inward facing focus. . The reality is, the Scottish Government does consider outward connectivity within our own investment decision making, to either invest within our own responsibility or further the case for investment in areas which are not devolved to Scotland, based on evidence.

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I re-iterate my comments that this Review, along with powers the UK Government has given itself through the Internal Market Act and initiatives such as the Levelling Up Fund, are moves to undermine devolution. The Review seeks to dictate funding priorities to the Governments of the three devolved nations and attempts to bypass our decision-making powers. Without meaningful involvement of the 3 devolved nations, the Review has little legitimacy.

UK STRATEGIC TRANSPORT NETWORK

The primary outcome of the Interim Report appears to be the emerging recommendation for a new UK Strategic Transport Network. The methodology set out in the report for considering a Strategic Transport Network and assessing potential enhancements to that network is lacking in detail, however and is not consistent with the approach taken in Scotland. Our approach takes into account a wider range of factors, including safety, wellbeing, social inclusion, rural considerations and high level strategic objectives, including Scotland's world leading climate change targets. These strategic, environmental and transformational objectives look beyond the quantified benefit-cost ratio, and have been emphasised in Scottish transport appraisal for some time, a change your Interim Report highlights, has only recently been made by HM Treasury.

It is not for the UK Government to determine what constitutes a strategic road in Scotland, that is for the Scottish Government to decide. The Scottish Government requires assurances that a UK strategic network is not another way to undermine devolution.

INVESTMENT IN SCOTTISH TRUNK ROADS

The Report, in its interest in the A1, M74/M6 and A75, fails to recognise that Transport Scotland has already completed two separate preliminary studies, namely the Borders Transport Corridors Study and South West Scotland Transport Study as precursors to the ongoing second Strategic Transport Projects Review (STPR2). These two studies, which are extensively evidenced and have been published for some time, identified the A1 and A75 routes as potential candidates for future transport investment. In the case of the A1, the potential investment would effectively complete the dualling between Edinburgh and the border; and in the case of the A75 the potential investment was for a series of targeted road and safety improvements.

Alongside the publication of the Report you announced £20 million for the development of some schemes, albeit in advance of the final conclusions of the UCR. One of those schemes mentioned was the A75. Given Transport Scotland is already undertaking this work it is not clear why you chose to reference this in the press release associated with the fund and instead stated we agreed to work together on this, which is untrue. Future decisions on the investment in Scottish strategic roads will be taken by the Scottish Government and we are identifying that through STPR2.

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AVIATION

The Scottish Government is acutely aware of the importance of air connectivity between Scotland and the rest of the UK, particularly in relation to routes where rail is not yet a strong alternative for business travel. While the Scottish Government believes domestic aviation will recover more quickly than international aviation post-Covid, we do not believe that every route previously operated will restart. I will be happy to discuss further the suggestions that Public Service Obligations may be a feature in restoring connectivity where there is a demonstrable need for a particular route and where it may be unlikely that the route will restart on a fully commercial basis.

I welcome the fact that the report notes the significance of the Scotland-Heathrow (LHR) routes. While our reliance on LHR for international connectivity has reduced as we have helped Scotland's airports secure many more direct international routes, good connectivity with LHR remains an essential part of our transport infrastructure. We have been clear that domestic capacity needs to be protected as LHR expands and the market recovers.

RAIL

The main mass transit mode between Scotland and England, in terms of passengers and rail freight, relies on two increasingly overloaded rail arteries (the West Coast and East Coast mainlines). It is imperative that we find solutions to deliver greater capacity on these routes to ensure longer-term economic sustainability and connectivity. Accordingly, I want the UK Government to accelerate and expand HS2 to Scotland, via the West Coast and East Coast, potentially by means of dynamic bypassing of the existing lines as a credible and affordable strategy in addressing modal shift and emissions reduction, as well as improving capacity and connectivity. Also, to reiterate the agreement UK and Scottish Ministers have already made to identify options that could reduce the Anglo-Scottish rail journey time to a 3 hour target, rather than the 3 hour 38 minute journey time achieved by the baseline HS2 Anglo-Scottish service specification.

It is imperative that all nations and regions of Britain benefit from the sustainable growth and prosperity that HS2 will deliver both in its construction and its implementation. I look forward to a commitment from your Government to commence design and development activity to deliver infrastructure that provides greater rail capacity throughout the routes of the West Coast and East Coast corridors.

With regard to strategic rail freight, I have long argued, for rail freight to achieve its economic potential and our environmental objectives, the rail network requires all of its routes to Britain's container ports to be electrified. The same issue now holds true in respect of connectivity to all the newly designated Freeports. Accordingly, I would welcome your commitment to address infill electrification on port routes as a matter of urgency.

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FIXED LINK TO NORTHERN IRELAND

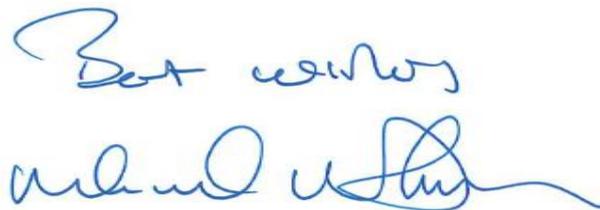
In the Interim report, you have set out that a feasibility study on a fixed link between Great Britain and Northern Ireland will now commence, and do so with little rationale for why this may be needed in the first place, therefore going against the advice of your own review and HM Treasury - that firstly Government should look at the strategic case for investment. As I have stated, just because it may be possible to construct, it does not mean it is necessary.

ENGAGEMENT

Finally, I would emphasise my disappointment that the Interim UCR Report was shared with my officials and I just hours before publication and that you wished to discuss the outcomes with me before receiving. This is indicative of the approach the UK Government have been taking to the Review and encapsulates the disrespect for the role of the devolved administrations in setting transport priorities for all of the UK. I have consistently indicated my willingness to work constructively with the UK Government. All devolved administrations have agreed that there is a need to address the historic underfunding of transport infrastructure and to promote growth in all parts of GB and NI. Our processes for identifying transport investment priorities are not undertaken in isolation and are in place to allow assessment of cross-government spending priorities across a whole host of other portfolios. Example of this are the Infrastructure Investment Plan and the approach to Comprehensive Spending Reviews.

Clarity is needed from the UK Government, on when and if sufficient capital funding will be made available to allow decisions on infrastructure priorities to be taken by each devolved government. Despite the Chancellor announcing a £27bn real terms increase in UK capital expenditure since 2019-20, the Scottish Government's capital budget was cut by over 5% in the UK Spending Review for 2021-22, exacerbated by the announcement ahead of the UK Budget that the levelling up fund would not provide consequential for the devolved administrations.

Transport infrastructure investment should focus on projects that improve lives, boost our economy, support communities and work towards Net Zero. That is how we are planning Scotland's future transport infrastructure investment through the second Strategic Transport Projects Review.



MICHAEL MATHESON

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