

Cabinet Secretary for Economy, Jobs and Fair Work,

A9 Dualling Programme : Funding Required for 2025 Delivery

Purpose

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

Priority

2. Urgent

Background

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

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

Programme Section	Length (km)	Level of Design Development at July 2017
Tomatin to Moy	8.52	Draft Order publication late 2017
Dalraddy to Slochd	24.05	Draft Order publication early 2018
Kincraig to Dalraddy	7.50	Under construction. Completion September 2017
Crubenmore to Kincraig	18.36	Draft Order publication early 2018
Dalwhinnie to Crubenmore	7.71	Draft Order publication late 2017
Glen Garry to Dalwhinnie	12.19	Draft Order publication late 2017
Pitagowan to Glen Garry	10.78	Draft Order publication late 2017
Killiecrankie to Pitagowan	10.70	Draft Order publication late 2017 (now combined with Pitagowan to Glen Garry)
Pitlochry to Killiecrankie	5.50	Draft Order publication late 2017
Tay Crossing to Ballinluig	8.44	Draft Order publication early 2018
Birnam to Tay Crossing	7.30	DMRB Stage 2. Now entering into a co-creative process with the local community to revisit options work in the context of community objectives.
Luncarty to Birnam	9.50	Statutory processes complete. In procurement. Advance works expected to start on site later this year with main construction expected to commence in 2018.

5. The cost estimates have been revisited at the end of DMRB stage 2 and again during DMRB stage 3 (preferred route design). The latest estimates are showing some value for money efficiencies in terms of earthworks balance and reuse of structures. We do not anticipate any change from the previously advised

and published range of £1.5 billion (Q2, 2013 before inflation) to £3 billion (outturn) to remain valid, although these construction estimates will be refined as project designs continue to develop. The costs to prepare and develop the programme primarily in the current and following three years are regarded as reasonably firm estimates.

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

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

* Procurement currently underway, award expected in Spring 18

Expenditure

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

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

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

Programme

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

Year in which construction commences	Scheme
2019/20	Pitlochry to Killiecrankie Glen Garry to Dalwhinnie Dalwhinnie to Crubenmore
2020/21	Crubenmore to Kincraig
2021/22	Tomatin to Moy Tay Crossing to Ballinluig
2022/23	Killiecrankie to Glen Garry

2023/24	Pass of Birnam to Tay Crossing Dalraddy to Sloch
---------	---

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

Conclusion:

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

