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INDEPENDENT ASSURANCE

A9 Tomatin to Moy

Gateway 3 “Investment Decision”

Template Version	V3.0 2021
Report Version:	Final
Review Dates	24 th to 26 th June 2024
Senior Responsible Owner (SRO):	Lawrence Shackman
Date Appointment letter issued to SRO:	22 nd October 2022
Draft report to SRO	26 th June 2024
Final Report to SRO and PPPA	5 th July 2024
Delivery Confidence Assessment:	Amber/Green
Project Sponsor:	[redacted under regulation 11(2) of the EIRs]
Accountable Officer:	Alison Irvine
Scottish Government Portfolio Accountable Officer:	Roy Brannen
Investment Decision Maker:	Alison Irvine
Business Case stage reached:	Full Business Case (FBC)
Decision/approval point this report informs:	Contract Award
Review Team Leader:	[redacted under regulation 11(2) of the EIRs]
Review Team Members:	[redacted under regulation 11(2) of the EIRs]
Previous Review:	Gateway 2 "Delivery Strategy" May 2021 repeated April 2023

About this report

This report is an evidence-based snapshot of the programme's/project's status at the time of the review. It reflects the views of the independent review team, based on information evaluated over the review period, and is delivered to the SRO immediately at the conclusion of the review.

This assurance review was arranged and managed by:

Portfolio, Programme and Project Assurance Hub
Scottish Government Directorate of Internal Audit and Assurance
Victoria Quay
Edinburgh
EH6 6QQ

More information about the Portfolio, Programme and Project Assurance Hub and guidance on the requirements for integrated assurance and approvals is available from:

PPPAssurance@gov.scot

1. Gateway Review Conclusion/ Stage Gate Assessment (SGA)

Stage Gate Assessment

Amber/Green

This review should investigate the Full Business Case. At the time of the review the tenders were still being assessed. There was no Tender Report or Full Business Case (FBC), which were under preparation.

There has been a robust procurement exercise using NEC4 Engineering Construction Contract for the first time. This has resulted in the receipt of three complete and compliant tenders and the most economically advantageous tender has been identified. This is however 23% higher than the pre-tender estimate.

Based on pre-tender estimates the project will not provide value for money in terms of its monetised costs and benefits. The value for money position of the A9 programme as a whole will provide a basis for the investment.

Accordingly, it is understood that the final decision to award this contract will be subject to the approval of an Accountable Officer Assessment and, given the economic performance of the project, escalation to the appropriate SG Minister for sign-off to secure the necessary funding over the capital spend period.

It is not clear at this stage what impact the increased cost will have on this process.

If the contract is awarded successful delivery of the project is probable and is the basis for the Amber/Green rating.

Orders and a General Vesting Declaration have been made. The project has been substantial de-risked through advanced works. There is a skilled client delivery team in place supported by experienced advisors. There is now a tender offer based on the scheme design, which meets the objectives outlined in the OBC.

However constant attention will be needed to ensure risks do not materialise into major issues threatening delivery. These include: -

- As mentioned above the most economically advantageous offer is in excess of the pre-tender estimate and a justification will be needed
- [redacted under regulation 10(5)(e) of the EIRs]
- This contract is the first use of the NEC4 Option A by Transport Scotland. While this will foster collaboration with the contractor it also involves the assumption of considerably more risk and places obligations in timeous contract management on Transport Scotland. Successful delivery of the project under this new arrangement will involve training, which is underway, and a change of culture and understanding throughout the organisation and the Scottish Government,

The review team has also made recommendations, listed overleaf in relation to reporting & communication aligned with NEC4, validation of procurement processes going forward and conflict of interest.

The Stage Gate Assessment RAG status should use the definitions below.

<u>RAG</u>	<u>Criteria Description</u>
Green	<p>Successful delivery of the project to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery.</p> <p>Recommendation: The programme/project is ready to proceed to the next stage.</p>
Amber/Green	<p>Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.</p> <p>Recommendation: The programme/project is ready to proceed to the next stage.</p>
Amber	<p>Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.</p> <p>Recommendation: This programme/project can proceed to the next stage with conditions but the programme/project must report back to the PPPA on the satisfaction of each time bound condition within an agreed timeframe.</p>
Amber/Red	<p>Successful delivery of the project is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and establish whether resolution is feasible.</p> <p>Recommendation: This programme/project should not proceed to the next phase until these major risks or issues are managed to an acceptable level of risk and the viability of the project/programme has been re-confirmed.</p>
Red	<p>Successful delivery of the project appears to be unachievable. There are major issues which, at this stage, do not appear to be manageable or resolvable. The project may need re-base lining and/or overall viability re-assessed.</p> <p>Recommendation: This programme/project should not proceed to the next phase until these major issues are managed to an acceptable level of risk and the viability of the project/programme has been re-confirmed.</p>

2. Summary of concerns, evidence and recommendations

Priority	Recommendation	Risk* and Issue Identified with Evidence	Classification Annex E	Critical, Essential, Recommended
1	Ensure that ramifications of working with the NEC4 contract is fully understood across Transport Scotland including the Senior Management Team (SMT) and adequately communicated to the Scottish Government. (para 5.3.8)	Transport Scotland could incur compensation events unnecessarily through failure to meet contractual timescales for decisions.	Other: procurement and cost	Essential by start of construction
2	Ensure all financial reporting clearly shows the impact of the adoption of the NEC4 contract, which will reflect the transfer of some elements of risk from the contractor to Transport Scotland for the first time (para 5.2.7)	Failure to understand and manage risks giving rise to unnecessary costs	Other: procurement and cost	Essential by start of construction
3	Ensure that there is regular and timely communication to internal audiences of the progress being made under the new NEC4 regime to ensure the wider understanding and acceptance of this new way of working (para 5.3.8)	Lack of understanding of the new way of working required by NEC4 results in delays and increased costs on this and subsequent projects.	Knowledge and data	Recommended
4	Develop a protocol covering how to handle potential conflicts of interest between advisors working for both client and contractors on projects (para 5.3.9)	Challenge resulting in increased costs and delay.	Planning / roles and responsibilities	Recommended
5	Consideration should be given to introducing a formal signoff procedure to validate the procurement process (para 5.3.2)	Challenge resulting in increased costs and delay.	Planning	Recommended

**Risk denotes risks, issues, concerns and key dependencies*

All recommendations should be categorised as Critical, Essential or Recommended:

- **Critical (Do Now):** To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately.
- **Essential (Do By):** To increase the likelihood of a successful outcome the programme/project should take action in the near future. *[Note to review teams – whenever possible Essential risk based recommendations should be linked to programme/project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]*
- **Recommended:** The programme/project should benefit from the uptake of this recommendation. *[Note to review teams – if possible Recommended risk based recommendations should be linked to programme/project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]*

ACTION PLAN - You must within three weeks of the final report provide your intended actions for addressing each recommendation. You should then share it with the relevant Scottish Government Portfolio Accountable Officer and copy it to the SG's Portfolio, Programme and Project Assurance Hub (PPPA). Thereafter, you are responsible for implementing the actions in response to the recommendations. If the review has identified serious deficiencies or difficulties (including probable failure to meet the planned budget) within the programme the appropriate Officer should inform the relevant Minister/s.

3. Blockers to delivery

Ref No:	Blocker	specific nature of blocker	Consequence if not resolved
1	No blockers		

4. Comments from the SRO

SRO Comments
I accept the findings of the report and would like to thank the review team for their helpful comments. The Amber/Green status is appropriate for the project given the issues around its procurement and associated issues.

5. Review Team findings and recommendations.

5.1. Strategic Business Case

5.1.1. The project as set out in the Strategic Case published in 2008 and updated in 2016 remains valid. The preferred option still satisfies the scheme specific and Scottish Government objectives. The project continues to perform against the STAG criteria in a similar manner to that originally evaluated and the original objectives are still relevant, appropriate and sufficiently robust.

5.2. Full Business Case

5.2.1. At the time of the review only a preliminary draft of the FBC was available, which did not contain any figures or analysis of the tender process. However, based on the OBC and subsequent analysis it is accepted that the project will not provide value for money in terms of its monetised costs and benefits. The DMRB Stage 3 pre-tender economic assessment BCR is below 1.00 at 0.30 and the post bid analysis will now be lower as a result of the increased tender pricing.

5.2.2. The Benefit to Cost Ratio for the overall A9 Programme including driver frustration benefits and Wider Economic Impact benefits is also below one at 0.81. However, Transport Scotland's Accountable Officer considers that it does provide value for money when strategic and non-monetised considerations are included. This was endorsed by the Scottish Government's Executive Team in Investment Mode in August 2023. This view of the value for money position of the programme as a whole provides the basis for investing in the individual projects, including this A9 Dualling: Tomatin to Moy project. As such the final decision to award this contract will be subject to the approval of an Accountable Officer Assessment and, given the economic performance of the project, escalation to the appropriate SG Minister for sign off to secure the necessary funding over the capital spend period.

5.2.3. There are three compliant bids [redacted under regulation 10(5)(e) of the EIRs] The lowest and most economically advantageous is £34m (23%) over the pre-tender estimate of £150m. The review team were not sighted on the impact this would have on the pre-tender scheme cost estimate of £250m. This increase will obviously impact on the value for money assessment of both this project and the overall A9 Programme. At the time of the review no analysis was available as to the cause for this increase.

5.2.4. The current tendered contract cost is greater than the single bid submitted in 2022 as part of the first procurement exercise for this project, which was rejected as unaffordable. The current tender offer is one of three compliant bids. This provides a justification that these bids reflects current competitive market conditions. This was not the case with the previous single bid, which had to be considered in isolation.

5.2.5. There will need to be a thorough analysis of the tender bids to inform the tender report and AO Assessment. None of those interviewed were able to say whether this increase in cost will impact on the Accountable Officer and Minister's views on the affordability of the project.

5.2.6. The current bid price is based on a NEC4 contract, which is discussed in more detail below. This change of contract was adopted following the previous unsuccessful procurement of this project. This change from the proprietary contract is designed to demonstrate to contractors that Transport Scotland is committed to a new way of working with its suppliers with a more equitable share of risk. This should engender trust, confidence and ultimately a greater appetite for engagement from the supply side. This approach has succeeded so far on this project.

5.2.7. The NEC4 will result in an amended risk profile, which increases the risk liability held by Scottish Ministers. These risks include weather, unforeseen conditions, statutory undertakers and construction inflation. [redacted under regulation 10(5)(e) of the EIRs] It will be important that all parties involved in the financial management of the contract fully recognise and understand the different allocation and reporting of risk.

Recommendation 1: Ensure all financial reporting clearly shows the impact of the adoption of the NEC4 contract, which will reflect the transfer of some elements of risk from the contractor to Transport Scotland for the first time.

5.3. Procurement Process.

5.3.1. The procurement exercise has been completed successfully so far. There are three compliant bids that have been assessed on the basis of a 50/50 quality/cost basis. At the time of the review the tender assessment was underway. Key documentation, the tender report and FBC had not yet been finalised so the review team had limited ability to comment on the successful tender offer.

5.3.2. The review team heard that the contract documents and the overall bidding and assessment process had been the subject of rigorous checking by those involved in its preparation and organisation; the Delegated Purchasing Authority (DPA), the project team, Transport Scotland contracts section and the project consultancy team. There was however no independent check or validation or formal sign off, e.g. the Contract Division or an independent expert, by way of formal assurance that the process was correct and adequate. While the review team has no reason to think that this was not the case consideration should be given to adopting a more formal approach to assuring the procurement process in future.

Recommendation 2: Consideration should be given to introducing a formal signoff procedure to validate the procurement process.

5.3.3. This project heralds a new way of working for Transport Scotland. This will be the first NEC4 contract. Successful implementation will require the application of different skill sets by the project team and the acceptance across Transport Scotland of the cultural shift that it entails.

5.3.4. The review team notes that the project team have undertaken NEC4 training and gained accreditation as appropriate. It was also noted that the external advisors will offer and provide the Transport Scotland team a breadth and depth of NEC4 practical experience.

5.3.5. NEC4 necessitates a more timely and nimble approach to the resolution of any issues that may arise. To assist with this Transport Scotland have licensed new Government Digital Service (GDS) approved web-based software *Fast Draft*.

5.3.6. It was noted however, despite the training, external support and new software, there could still be an asymmetrical relationship with the contractor, given the NEC4 experience the contractor will have gleaned elsewhere. Given the novel nature of the NEC4 contract, the project expects to attract much interest from across Transport Scotland and the project team should seek to provide regular updates of their experience and the lessons they are learning.

5.3.7. Externally the adoption of the NEC4 contract demonstrates a commitment from Transport Scotland to working in a more collaboratively way, which should be validated by increased interest in future tenders.

5.3.8. It will be important to ensure that all communication across Transport Scotland, up to Senior Management Team (SMT) and Scottish Government clearly describes and explains the opportunities and challenges of the NEC4 contract. The fullest understanding of the specific time-bound constraints of the NEC4 contract must be ensured. This could be facilitated by a workshop for the SMT and appropriate senior personnel.

Recommendation 3: Ensure that ramifications of working with the NEC4 contract is fully understood across Transport Scotland including the Senior Management Team (SMT) and adequately communicated to the Scottish Government.

Recommendation 4: Ensure that there is regular and timely communication to internal audiences of the progress being made under the new NEC4 regime to ensure the wider understanding and acceptance of this new way of working.

5.3.9. As has been mentioned in previous assurance reviews, conflict of interest amongst advisors, who can work both for the client and contractor on different projects on the A9, is a constant issue. Transport Scotland is aware of this and matters are dealt with by setting up “Ethical walls” within the respective organisations. Given the inevitability of this situation it remains prudent for Transport Scotland to have a more formal view on what roles are acceptable in these instances and protocols or agreements should be adopted to prevent any conflicts of interest.

Recommendation 5: Develop a protocol covering how to handle potential conflicts of interest between advisors working for both client and contractors on projects.

5.4. Governance

5.4.1. The project governance is clearly articulated in the project execution plan (PEP) and follows Transport Scotland's standard practice. The review team heard that this is working well at a project and programme level. As mentioned, this project has a skilled resource in place supported by an experienced consultancy.

5.5. Resources

5.5.1. The review team found that the project team is appropriately staffed and skilled including the recent appointment of a new project manager. The A9 programme team is short staffed and there is an ongoing drive for external recruitment. There will continue to be a marked reliance upon external advisors, some of whom are on longer term secondment. However, there appears to be a close working relationship with the external advisors, which should impact positively on the successful delivery of this project.

5.5.2. It was noted that a resource report had been requested by the A9 programme board, and a copy of this outlining the Programme and Project resource requirements was seen by the review team.

5.6. Risk Management

5.6.1. There is a well managed risk regime in line with Transport Scotland's best practice in place with a common project risk register and regular meetings. Both client and project risks are accounted and quantified. As mentioned, elsewhere the use of NEC4 will require attention, as additional risks will now fall to the client and will need clear articulation and management.

5.7. Schedule

5.7.1. There is a pre-tender project programme that will now need to be reassessed and integrated with the successful bidder's programme. There is a potentially "generous" project delivery timescale of 3.5 years. This is to allow for three earthmoving seasons which all the bidders requested. As noted previously the risk of a challenge will be likely to impact on this schedule.

5.8. Communications & stakeholder engagement

5.8.1. The review team found that there was a full understanding of external communication needs and plans in place to meet them. The function appears to be well resourced and has the necessary functional relationships in place.

5.8.2. The project team and their advisors have forged excellent working relationships with their environmental stakeholders. The review team heard that care will be taken in any communication in the short term, cognisant of the stand-still period and any pre-election period requirements

5.8.3. The review team noted that on the A9 Dualling website there are two project costs quoted; the £150m contract notice announced by the Cabinet Secretary for Transport in September and the £247m scheme cost quoted on the Tomatin to Moy page, without explaining the difference. As mentioned above in reference to explaining the makeup of NEC4 contract costs, it is important to give the clearest explanation for project costs in the public domain. The review team heard that future external communication will seek to provide a 'roadmap' to ensure a better understanding of the process and definitions from initial planning through to road opening, which will hopefully address this issue.

5.8.4. The review team noted that there is no mention of the adoption of the NEC4 contract in the AO template Assessment. This is a key aspect of the delivery of the A9 capital projects going forward and it is important that the implications are understood by all key stakeholders.

5.9. Net Zero

5.9.1. From all the interviews conducted the review team notes that Net Zero compliance is a learning opportunity for everyone with new and emerging thinking informing the debate constantly.

5.9.2. There is an acceptance that there is a gap between general aspiration and what can be achieved practically in the short term. For the letting of this contract there were specific requirements to address Net Zero in the bids (X29 clauses). The review team understand anecdotally that all bidders may have complied with or exceeded expectations. The *Transport Scotland Carbon Calculator* will be used to baseline the carbon measurement for the scheme and the contractor will report regularly on the actual performance against this, identifying any variances.

5.9.3. It was also noted that there is an overarching requirement for carriageways to comply with DMRB standards that perhaps lag behind current Net Zero aspirations.

5.9.4. The review team noted that Transport Scotland are represented on the Scottish Water's Net Zero panel, and that the Cabinet Secretary for Transport is also responsible for Net Zero. The ongoing sophistication of Net Zero understanding will inform the letting of the MIM contracts in the future.

5.10. Lessons learnt

5.10.1. Transport Scotland has established procedures for capturing and disseminating lessons learnt, which continue to be implemented both for the project and the overall Programme.

5.10.2. This project presents a new way of working for Transport Scotland and there will be an opportunity for the project team to share their experiences across the organisation to ensure the fullest understanding of NEC4. This needs to be done in a timely manner to ensure that future tenders such as Tay Crossing to Ballinluig can fully capitalise on the developing body of knowledge and experience.

5.10.3. Given the close working relationship with external advisors, the sharing of lessons learned needs to be handled sensitively and carefully to avoid any potential conflicts of interest and reinforces the issue raised and recommendation in section 5.3.9.

Areas of good practice

Area (reference Annex E)	Specific details of successful delivery
Stakeholders	The review team heard that external stakeholder engagement and communication by the project team and their advisors had been successful and represented an example best practice

6. Acknowledgement

Review Team Acknowledgement

The Review Team would like to thank the Project Team for their support and openness, which contributed to the Review Team’s understanding of the Project and the outcome of this review.

7. Next Assurance Review

Next Assurance Review

The next review will be a Gate 4 “Readiness for Service” prior to completion, which is currently scheduled for March 2028.

The project could also be assessed as part of a Gate 0 “Strategic Assessment” which should be carried out at discrete intervals on the overall A9 Programme.

8. Distribution of Report

The contents of this report are confidential to the SRO and their representative/s. It is for the SRO to consider when and to whom they wish to make the report (or part thereof) available, and whether they would wish to be consulted before recipients of the report share its contents (or part thereof) with others.

The Review Team Members will not retain copies of the report nor discuss its content or conclusions with others.

A copy of the report is lodged with the PPPA so it can identify and share the generic lessons from Independent Assurance Reviews. The PPPA will copy a summary of the report recommendations to the Scottish Government Portfolio Accountable Officer, and where appropriate, to the Organisation's Accountable Officer where the review has been conducted on behalf of one of the SG's Agencies, NDPBs or Health Sector organisations.

The PPPA will provide a copy of the report to Review Team Members involved in any subsequent review as part of the preparatory documentation needed for Planning Meetings. Any other request for copies of the Report will be directed to the SRO.

ANNEX A - Terms of Reference for Hybrid Review

This is a standard Gateway 3 “Investment Decision” review which investigates the Full Business Case and the governance arrangements to confirm that the project is still required, affordable and achievable. The Review also checks that implementation plans are robust.

ANNEX B – Background

Completed by the project Team

Question	Answer
Describe the aims of the project/ programme	<p>The A9 Dualling: Tomatin to Moy project is the most northerly section of the Scottish Government’s A9 Dualling Programme, and involves on-line widening of approximately 9.6km of the existing A9 carriageway to Dual 2 lane All-purpose roads Sub-category c standard in accordance with the Design Manual for Roads and Bridges (DMRB). The project extends from the existing dual carriageway at the south in the vicinity of the village of Tomatin, past the village of Moy, to the tie-in with the existing dual carriageway north of Moy.</p> <p>The key aims of the A9 Dualling: Tomatin to Moy project are to improve the operational performance of the A9 by reducing journey times and improving journey time reliability, to improve safety for motorised and non-motorised users by reducing accident severity and reducing driver stress. The project also aims to facilitate active travel within the A9 corridor and improve integration with public transport facilities.</p>
Reasons for the project/ programme’s existence, by type and description	<p>The A9 corridor provides a strategic link between Central Scotland and the Scottish Highlands and is vital to the growth and development of northern Scotland. A Trunk and Key Principle Road Network Review in 1992 led to the development of a series of Route Action Plans. The A9 Perth to Inverness – Development of a Route Strategy Route Action Plan was published in 1996. Later planning, economic and other policies and plans also reflected the importance of the purpose of connecting cities for economic growth leading to the commitment for full dualling of the A9 between Perth and Inverness.</p> <p>The Strategic Transport Projects Review (STPR) undertaken in 2008/9 established the Strategic Business Case for the A9 Dualling Programme and in 2011, the findings of the STPR were ratified by the Infrastructure Investment Plan (IIP) (Scottish Government, December 2011) which confirmed the commitment to dual the A9 between Perth and Inverness.</p>

<p>The impact if the project/programme fails to deliver e.g. any risks to or any material impact on citizens:</p>	<p>Failure to deliver the project within the target timescales would result in the project objectives (set out above but namely improving journey time reliability, improving safety for motorised and non-motorised users, and facilitating active travel and public transport facility integration) not being delivered and therefore the benefits not realised, and would invite criticism from the public and stakeholders towards the Scottish Government for failure to deliver as they had set out.</p>
<p>Project/programme link to Scottish Government strategies or policies:</p>	<p>The A9 Dualling Case for Investment (CFI) published in 2016 built upon the evidence base of the STPR and confirmed the case for investment in the A9 Dualling Programme. The CFI anticipated the programme would deliver a significant contribution to the Government's Purpose of increasing sustainable economic growth. In addition, the A9 Dualling Programme is expected to contribute to the national objectives of promoting journey time reductions between the Central Belt and Inverness.</p> <p>The A9 Dualling Programme is also assessed to address the issues of driver frustration and fear of accidents along the A9 corridor and thus will reduce driver stress. The Programme is embedded within the Infrastructure Investment Plan, National Planning Framework 3 and the Scottish Economic Strategy and hence fully accords with the Scottish Governments hierarchy of investment.</p>
<p>Projects/programme interdependencies [if applicable]:</p>	<p>In December 2023 the Scottish Government announced a new delivery plan for dualling works for the remaining sections of the A9 between Perth and Inverness. This plan anticipates completion of the entire A9 Dualling programme between Perth and Inverness by the end of 2035. This plan set out that contract award for the A9 Dualling: Tomatin to Moy project was anticipated in early Summer 2024.</p> <p>The A9 Dualling: Tomatin to Moy project will be the third capitally funded project as part of the wider A9 Dualling Programme, following the completion of A9 Dualling: Kincaig to Dalraddy in 2017 and A9 Dualling: Luncarty to Pass of Birnam in 2021.</p>
<p>Has the SRO's letter of appointment been approved at the appropriate levels?</p>	<p>Yes.</p>
<p>The procurement / delivery status:</p>	<p>The Draft Road Orders, Draft Compulsory Purchase Orders and Environmental Statement were published in May 2018.</p>

The Made Road Orders and Compulsory Purchase Order were published on 26 February 2021. Following confirmation that no challenges or statutory objections had been received, the project was handed over from the Major Projects Design team to the Major Projects Delivery team in April 2021.

An initial procurement was launched in August 2021 for the project via publication of a Contract Notice. Three bidders were shortlisted to compete in competitive dialogue in December 2021 although only one Final Tender was submitted as two of the participants pulled out at different stages in the procurement process. Following this procurement process, the Minister for Transport announced via parliamentary statement that the contract would not be awarded as the single tender received did not demonstrate best value for the taxpayer at that time. It was also announced that work would commence immediately on preparations for a new procurement for the project. A new procurement strategy was developed following an extensive market engagement and pre-procurement consultation exercise with various contracting organisations, including CECA, Tier 1 and Tier 2 contractors from the UK construction industry to understand the views of the sector and how we could make future competitions more attractive to the market to ensure good levels of competition. Based on the feedback from this engagement, the project team determined that our existing bespoke design and build conditions of contract was not attractive to the market, and a move to an NEC4 Engineering and Construction Contract with amendments as the basis of our contract for the new procurement of Tomatin to Moy was proposed.

The new procurement and contract strategy was prepared and presented to Investment Decision Makers (IDM) in July 2023, and was approved by the IDM Board and subsequently Scottish Ministers. The new NEC4 additional conditions of contract was developed by the project team with support from internal/external legal advisors, specialist advisors (such as Insurance), and internal Transport Scotland Contracts Branch support.

The new procurement competition for the main works was launched in September 2023 with the publication of the Contract Notice on PCS. Three economic operators were shortlisted and invited to participate in competitive dialogue in December 2023.

The dialogue period was concluded in early May 2024 and final tender submissions were received on Friday 31 May 2024. Transport Scotland are currently aiming to conclude the tender evaluation process and then proceed through the required governance approvals over the course of June 2024

	allowing contract award to take place early July 2024 (currently programmed for 9 July 2024 subject to no unforeseen circumstances).
Funding / Business Case:	<p>Capital funding for the works does not currently exist within Transport Scotland's budget. Following IDM approval at 'proceed to contract stage', an Accountable Officer assessment will be required to secure the necessary funding to proceed with the project.</p> <p>The full business case and accountable officer assessment are in preparation awaiting the outcome of the procurement evaluation exercise which is expected to be completed imminently.</p> <p>The Strategic/Outline Business Case for the project has been presented and approved by IDM Board Members in July 2023.</p> <p>The draft Full Business Case has been prepared and will be submitted to the IDM Board for approval in June 2024, subject to the Preferred Bidder price submission values being added following the conclusion of the Tender Evaluation process.</p>
Integrated Assurance and Approval Plan (IAAP):	IAAP is not applicable for this project.
Programme/Project plan in place & baselined:	<p>Yes</p> <p>Project Execution Plan – signed off and reviewed by Project director.</p>
Current position regarding previous PPPA assurance reviews:	<p>A previous assurance review for this project took place in April 2023 at Gateway Review 2 stage. The recommendations from that review with actions on the previous recommendations are attached in ANNEX D.</p> <p>All of the actions from the Gateway Review 2 have been implemented.</p>
Current position regarding Non-PPPA assurance reviews	N/A
Current position regarding SG PPM Capability Maturity Matrix	Yes

ANNEX C – Progress against previous assurance review

Ref No.	Recommendation	Project Team Action Planned	Progress/Status
1.	Ensure the proposed collaborative approach to procurement & contract management is captured, formalised, and communicated.	A report on the outcomes of the market engagement exercise is in development and it is intended that a copy of this be made available during the procurement exercise for information purposes.	A report outlining the market consultation exercise was completed and was provided with the documents for interested parties as part of the procurement process.
2.	Ensure that the TS client team is fully resourced to manage the procurement phase and subsequent contract in line with the proposed more collaborative approach	The recruitment for the permanent C1 role will be progressed via the exceptions process with a view to filling the role with the successful applicant taking the Project Sponsor role.	Recruitment for a replacement C1 Team Leader has been undertaken and [redacted under reg 11(2) of the EIRs] has been in post since April 2024. The team is now fully resourced in accordance with the PEP organogram to manage the contract following contract award. [redacted under reg 11(2) of the EIRs] is not yet undertaking the Project Sponsor role, however once more experienced will take on that post in due course.

ANNEX D – List of Interviewees

The following stakeholders were interviewed during the review:

Name	Role
Lawrence Shackman	Senior Responsible Officer, Transport Scotland
[redacted under reg 11(2) of the EIRs]	Head of A9 Dualling Delivery, Transport Scotland
[redacted under reg 11(2) of the EIRs]	Head of Procurement and Contracts, Transport Scotland
[redacted under reg 11(2) of the EIRs]	Finance Business Partner, Transport Scotland
[redacted under reg 11(2) of the EIRs]	Area Manager for the A9 trunk road between Tomatin and Moy, Transport Scotland
[redacted under reg 11(2) of the EIRs]	Project Manager, Transport Scotland
[redacted under reg 11(2) of the EIRs]	Strategic Communications Manager, Transport Scotland
[redacted under reg 11(2) of the EIRs]	Project development and contract manager as part of the AMJV
[redacted under reg 11(2) of the EIRs]	Project development and deputy contract manager as part of the AMJV
[redacted under reg 11(2) of the EIRs]	Forestry and Land Scotland
[redacted under reg 11(2) of the EIRs]	Scottish Environment Protection Agency

8. ANNEX E – Scottish Government Project Delivery Principles

Alignment	We align our programmes and projects to corporate priorities to ensure we deliver for the people of Scotland	Recommendations related to alignment to vision, strategy and policy.
Leadership	We lead from the start by clearly communicating the vision, agreeing approaches, providing resource, collaborating across teams and setting a delivery culture.	Recommendations related to that are aimed at the clarity of what success looks like; leadership and the necessary culture to ensure success.
Justification / BC	We secure a mandate for our work and ensure an ongoing justification is made by the benefits for the cost, or, stop any unjustified work.	Recommendations relate to the purpose, objectives and ongoing justification for the work
Sustainability	We understand our impacts on people place and value and ensure whole life value and whole life cost are central to decision making.	Recommendations related to the end-to-end procurement process including: Procurement strategy and planning, Approaches to the market, Contract negotiation and Contract management. Recommendations related to financial planning, organising, directing and controlling of financial activities.
Knowledge & Data	We ensure our projects are learning organisations from day one, we seek and use information & data for the benefit of our work.	Recommendations related to the process of capturing, developing, sharing, and effectively using organisational knowledge. It includes sharing knowledge and experiences or lessons.
Flexibility & Capability	Our multidiscipline teams contain flexible and skilled people who focus on required identified capabilities and outcomes, not positions.	Recommendations related to all aspects of the identification, supply, optimisation, prioritisation and maintenance of resources and appropriate skills.
Roles and Responsibilities	We assign and delegate roles and responsibilities within our projects flowing from the SRO's appointment letter/delegation/mandate	Recommendations related to the oversight, structure and decision making of a project/ programme. This theme also includes recommendations relating to alignment with pan-government priorities, strategies and controls.

Stakeholders	We identify, assess and then manage our stakeholders to leverage maximum chance of success.	Recommendations related to relationships with all parties with an interest in the outcome of the project/programme, whether internal to the agency, internal to government or external.
Benefits	We start with the end in mind, formally focussing on the intended outcomes of our investment.	Recommendations related to the identification, ownership, measurement and realisation of benefits and dis-benefits. Benefits can be either financial or non-financial
Planning	We consider all aspects of our projects and continuously plan; managing dependencies, agreeing and refining evidence-based assumptions and reporting on progress against milestones throughout	Recommendations related to all aspects of project, programme and portfolio management, but excludes recommendations on Risk, Issues and Dependency Management
Risk	We identify, communicate and act upon the threats or opportunities to and for our outcomes.	Recommendations related to the identification, analysis, impact assessment, response and the on-going review and management of Risks, Issues and Dependencies (i.e. outputs that are required by a project to succeed, but which will be delivered by parties not under the direct control of the project).
Transition	We provide focus and resource to understand the end needs from the supplier side and a commitment and capability to learn, manage and own the benefits/outcomes from the customer side.	Recommendations related to the Management of Business Change – all the work required with and in the business and with the customer to make ready for the initiative, in terms of changes to business processes including: business continuity planning, changes to work processes and resourcing, changes to organisational structures and staffing to support transformational or process changes to business delivery to ensure a smooth transition to BAU
Other	To be used only when one of the Principles does not apply.	