

Kevin Stewart MSP
Minister for Transport
The Scottish Parliament
Edinburgh
EH99 1SP

Sent via email

Monday 3rd April 2023

**Association for Consultancy and Engineering Scotland:
Scottish Transport Infrastructure Investment And Pipeline**

Dear Minister for Transport

The Association for Consultancy and Engineering (ACE) Scotland have been requested to formally write to you on behalf of our Scottish members. The Association for Consultancy and Engineering (ACE) champions infrastructure and the built environment to government and other stakeholders, representing the views of around 400 members. Our members employ over 60,000 in UK and 250,000 worldwide, contributing more than £15 billion to the UK economy. However, the buildings they create actively contribute over £570 billion a year of GVA, in this case specifically the transportation sector in Scotland.

Firstly, we wish to acknowledge and welcome the recent publication of the Second Strategic Transport Projects Review (STPR2) report and the Minister's recent parliamentary statements emphasising the Scottish Government's commitment to dualling of the A9 and A96 trunk roads. We recognise that there has been a necessary fundamental shift in transport policy to meet the climate emergency, as demonstrated by the outcome of STPR2 which we support, but many important committed projects remain unfunded for continuing development or construction.

Sustainable and effective transport is fundamental to meeting the Scottish Government's strategic objectives of eradicating child poverty, tackling the climate emergency; transforming the economy and providing sustainable public services. Infrastructure improvements, including targeted safety schemes, connectivity improvements or reallocating road space for more sustainable transport modes will be necessary to ensure our transport system can play its part in contributing to these strategic objectives, both in rural areas where a just transition to low carbon economy is vital, and in our cities where the biggest contribution to achieving the commitment to reducing car kilometres by 20 per cent by 2030 will be needed. The improved connectivity and delivery of infrastructure projects also supports further inward investment, economic growth and strengthen jobs certainty and widen opportunities for individuals of all ages in Scotland.

Over the last few years, our members have regularly sought updates on the future programme and pipeline of investment in infrastructure projects. Despite the criticality of transport to the above Scottish Government objectives, our members are disappointed that there remains a lack of a clear and reliable published pipeline of future programmes and projects for both design and construction projects in the sector. For example, the previously published STPR1 produced a clear pipeline of projects that has not been continued in STPR2.

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This lack of future pipeline visibility and certainty concerning investment to deliver is having a twofold effect on our transportation sector members as well as members working in the sector more generally.

Firstly, it is affecting our members' ability to sufficiently plan resource (in terms of budgets, staff etc) for current and future projects. It is very difficult to maintain existing resourcing levels for current projects without budget certainty in the short to medium term requiring our members to review their current resourcing levels across their businesses in Scotland. It is also very difficult to provide appropriate resourcing for tender procurements with little notice, resulting in the risk of clients not receiving the optimum submissions that could have been provided had more time to plan been available. Similarly, the lack of a reliable long term pipeline significantly limits our ability to secure and recruit the volume of resource needed at the skill level required for the potential projects. As the lack of investment and pipeline visibility has been ongoing for some time, this is having a longer term detrimental effect by reducing our members' ability and confidence to invest in local future recruitment, apprenticeships and career development and training, with the potential to significantly hamper the industry's future capabilities. This will negatively impact Scotland's wider future economic growth.

Secondly, Scottish Government continues to utilise procurement policies that place significant risk onto the supply chain, particularly in the contractor led design and build sector. Transport Scotland is to be congratulated for their positive approach to engaging with ACE Scotland on procurement and other matters and several issues are being progressed. However, they continue to be hamstrung by government procurement policy that is risk averse, rewards the lowest price not value for money and has proven to be unsustainable to many in the market. This is resulting in increasing numbers of organisations seeking work opportunities elsewhere, either away from the public sector or elsewhere in the UK, where there are more favourable terms, thus significantly limiting the number of tenders to each procurement competition. This was most recently evidenced by the low level of market participation in the procurement process for the now delayed A9 Dualling Tomatin to Moy tender, where 3 tenderers prequalified but only one tender was received.

Our members have invested heavily in the recruitment, training and development of the expertise both in terms of staff and technology necessary to support the Scottish Government and its national transport agency, Transport Scotland, with the delivery of the transport infrastructure programme since the publication of the original Strategic Transport Projects Review in 2008. Over the last 15 years, our members have helped the Scottish Government progress a significant number of infrastructure projects through appraisals, development, and construction as well as helping improve connectivity directly supporting the Government's purpose of increasing sustainable economic growth.

Whilst we recognise the broad commitment to cross-sector infrastructure investment in the budget statement in December 2022, our members have expressed concern at the significant decline in confirmed investment in Scottish transport infrastructure projects in the last year and the lack of visible pipeline for already committed projects, as well as the lack of a delivery programme for the future STPR2 projects. The recent announcement that the A9 Dualling Tomatin to Moy project is to be delayed and that there remains no definitive timetable for delivery of the full dualling of the A9 is such an example. We look forward to further updates in Autumn 2023, following receipt by the Minister of the advice on the options to dual the remaining sections of the A9 efficiently, referred to in the Parliamentary statement in February 2023. We acknowledge the ongoing review of the A96 dualling programme and also seek to understand the timetable for the next steps following the review.

Along with other projects that are in development, the lack of clarity on timetables for these are considered a major concern to our sector.

It is our members' view that this outcome is not reflective of the Scottish Government's economic rationale for infrastructure investment and the potential economic benefit that would be realised (we refer to Scottish Government: Infrastructure Investment – Evidence Summary). Our members appreciate the current constraints due to the economic environment, the cost of living crisis and the competing funding demands from other sectors and supports the move away from new road building, but the current crisis does affect our members as well and we, therefore, seek assurance from you that actions will be taken to address the above concerns, particularly with regard to pipeline visibility for already committed projects. We stand willing to continue to work with the Scottish Government and its agencies and would indeed welcome such involvement.

The ACE is due to publish its Policy Manifesto for Scotland which highlights our members' thoughts on challenges for the sector as well as upcoming opportunities for Government engagement and improvement in all sectors covering areas such as skills, innovation, excellence and risk. We would be happy to share and discuss this manifesto with Government once published.

We hope that the concerns and challenges this letter addresses are considered and welcome the opportunity to further engage with Government officials on the points raised.

Many thanks,

A handwritten signature in black ink, appearing to read 'M Baynham', with a horizontal line underneath.

Mark Baynham CEng MICE MIAT MCIPS
For and on behalf of ACE Scotland
Transport Sub-group Chair

A handwritten signature in black ink, appearing to read 'O Smalley', with a horizontal line underneath.

Olivia Smalley
ACE Scotland Policy Lead

In our capacity on behalf of ACE Scotland.