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cc Jackie
Ross
Hazel

Lesley,

Meeting with FETA and TS Officials – Wednesday 10th February 2010

This note provides bullet point briefing on the key issues likely to be raised at the meeting with officials from FETA. I also attach information for the meeting which (broadly) corresponds with the Agenda for this meeting:

	Minutes of Liaison Meeting No 1 – 6 th October 2009
	List of FETA related action points (inc from previous meeting)
	Train times to / from Dalmeny
	Agenda for Meeting No 2 – 10 th February 2010
	FETA– Budget– 2009/10; 2010/11; and 2011/12 to 2013/14
	Recent relevant correspondence

FETA – BUDGET – 2009/10; 2011/12; and 2012/13 to 2014/15

2009/2010	SR	Grant In Aid	FETA*	FETA Forecast (as at 28/1)	Variance** against Grant in Aid
Revenue	4,715	5,048	5,828	6,103	1,055
Capital	8,042	8,007	7,227	8,570	563
Total	12,757	13,055	13,055	14,673	1,618

2010/2011	SR	Grant In Aid (Provisional)	FETA*	FETA Forecast (as at 28/1)	Variance against Grant in Aid (provisional)
Revenue	4,833	4,410	3,630	5,115	705
Capital	2,386	9,577	10,357	8,730	-847
Total	7,219	13,987	13,987	13,845	-142

*FETA profile £780K from Capital Grant in Aid Figure as Revenue

**Overspend in 2009/10 will be met from reserves

This means an overspend of £6,768k against SR Budget Allocation for 2010/11 or (£6,442k against FETA Forecast).

Key points to consider are as follows:

Sponsorship

- FETA has yet to provide a draft Memorandum of Understanding for the sponsorship arrangements. FETA and TRBJB officials have discussed a draft currently in preparation by TRBJB officials.

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- Provided TRBJB submits a satisfactory draft Memorandum of Understanding to TS by 18th February, we would look to confirm with FETA whether it is possible for FETA officials to put to their Board a similar draft, is acceptable to the Board, and which meets our deadline of 31st March. This may be achievable in correspondence.

FETA Budget (In-year and Future years)

- 2009/10 – FETA forecast an overspend against Grant in Aid of **£1,055k** on revenue and of **£563k** on capital, to be met through a reduction in Reserves of **£1,618k**. FETA's reserve would fall to **£5,295k by end March 2010**.
- The capital overspend mainly relates to Main Cable Dehumidification (£979k); and Viaduct Bearing Replacement (£520k) offset by classification of SG G-in-A capital as revenue spend (£780k). TS to confirm its agreement to this.
- 2010/11 – In line with the remainder of the 3 year SR budget for this year, FETA is requesting £4,410k and £9,577k in revenue and capital (£13,987k in total) against a forecast spend of £5,115k and £8,730k (£13,845k total) The difference between these two figures in 2010/11 is £142k.
- Part of the funding provided as capital by TS will be reclassified as revenue by FETA to reduce its comparatively large forecast overspend on revenue of £705k.
- For the forthcoming spending Review period (2011/12 to 13/14) FETA shows an increase in total capital spend of £1,369k since the submitted capital plan of 5th October 2009. (No change since December 2009.)
- FETA's forecast capital spend for the next SR period is £39,330k. In the existing SR period allocated capital spend is £24,479k. The initial view of Finance is that a similar amount of funding would be allocated to the each of the SR periods.

Prioritisation / Phasing

- TS to consider further prioritisation or phasing of the FETA projects in their own right, and within the larger budgetary context.

Reserve Policy / Risk

- FETA has been asked to provide papers on each of these topics.
- The capital plan includes a section on specific items, notably:

Main cable strength

Anchorage Investigation

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Main Expansion Joints

You will wish to note these key dates to which we are working:

W/C 25th January 2010 – FETA submitted up to date revenue and capital programmes. (Grant in Aid requirement.)

3rd February 2010 - Scottish Parliament approves 2010/11 budget

February [March] 2010 - Scottish Government to notify Transport Scotland of the final Budget figures for 2010/11

9th February 2010 – FETA “pre-agenda” meeting

10th February 2010 – Meeting between FETA and TS officials

26th February - FETA Board Meeting

By 28th February 2010 – FETA to submit detailed budget papers for 2010/11 and beyond.

By 31st March 2010 – Grant in Aid letters to be sent to FETA (and Tay) of their Budget for 2010/11 only

30 April 2010 – FETA Board Meeting

11th May 2010 – Visit to FETA

18th June 2010 – FETA Board Meeting

FETA – Budget – 2009/10; 2011/12; and 2012/13 to 2014/15

2009/10

FETA’s forecast spend of £6,103k on revenue and £8,570k on capital, a total spend of £14,673, represents an overspend of **£1,618k**. This overspend is a reduction of £598k since December 2009, with £406k less on Tower painting, and £274k on main expansion joint replacement.

Spend to date as at end of December is £4,289k (net revenue) and £5,858k (capital), £10,147k in total; 69% of FETA’s total forecast spend and 78% of their total G in A. The forecast spend to date for 2009/10 is continuing to be monitored. FETA spend is therefore ahead of its budget, but slightly behind its 2009/10 forecast.

The overspend will be met through a reduction in reserves which will be £5,295k by end 2009/10. If there is a likelihood of a further overspend against the Grant in Aid, Finance Division has confirmed that it would expect this further overspend to be met from FETA’s reserves. However, if the forecast overspend proves less than anticipated, we would expect FETA still to reduce its reserve, but by a smaller amount which means a consequent rise in available funding in 2010-11.

Significant issues 2009/10

M9 Spur / A800 Main Contract – While, these are committed (ongoing) costs of £833k that must be met (£453k more than initially budgeted for), the actual figure for these compensation claims, etc, remains unknown and may change.

Parapet Investigation -

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Cable Band Bolts – A final report on this item is due in February 2010.

2010/11

FETA is forecasting spend of £5,115k on revenue and £8,730k on capital, a total spend of £13,845k. This is an increase of £184k since December 2009 though it remains slightly lower (by £142k) than the anticipated balance of Grant in Aid for FETA of £13,987k. The revenue figure includes forecast salary spend of £3,183k. In addition, key areas of capital spend are:

Viaduct Bearings Replacement - £5,022k

Main Expansion Joint Replacement - £1,638k

Main cable dehumidification - £307k

TOTAL - £6,967k (80%) of forecast capital spend of £8,730k.

Viaduct Bearings Replacement - The tenders for this work were received in December / January. The forecast figures now indicate total spend of **£15,740k** between 2010/11 to 2013/14, with a further **£820k** forecast spend on this item in 2009/10, a total of **£16,560k**. This is an increase of £552k since October 2009 when a total of £16,008m was forecast for this same period. £17,088k was also provisionally allocated for the project in December 2009. FETA has indicated that it expects to be “within budget” for this item, and will be issuing final figures after a “pre-agenda” meeting on 9th February 2010.

Main Expansion Joint Replacement - £1,638k is forecast for this item for which tender costs are higher than initially anticipated. The 2009/10 figure was adjusted downwards because of the project being deferred to 2010/11, hence a rise in budget provision for this project in 2010/11 of **£274k**.

In aggregate, since December 2009, FETA’s capital forecasts have increased by £184k over its long term 15 year plan from 2010/11- 2024/25, due to an increase in 2009/10 only, largely due to the Joint Replacement, above.

For the projected budget for 2011/12 and beyond it will be important to clarify the timing / phasing of FETA’s projects, and the purpose in completing them so that it provides a persuasive funding case within TS both for the 2010/11 budget, and the forthcoming Spending Review. This is especially so where capital is programmed for years that span two spending reviews, notably any contractual commitment in 2010/11 to the Viaduct Bearings Replacement (£5,022k in that year) which would commit TS to funding the balance of the project (£10,718k) in a subsequent Spending Review Period.

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Projected Capital Programme and next Comprehensive Spending Review

Significant pressures will occur during the period of the next spending review. Projected capital spend for these years is:

2011/12	£13,002k
2012/13	£14,844k
2013/14	£11,484k
Total	£39,330k

This is significantly higher aggregate capital spend than in the current SR period.

Key areas of spend in 2011/12 – 2013/14:

Item	2010/11	2011/12	2012/13	2013/14
Viaduct Bearing Replacement	£5,022k	£6,044k	£3,960k	£714k
Truss End Linkages	£50k	£1,500k	£1,500	£50k
Tower Wind Barriers / Impact strengthening	£50k	£1,500k	£1,500	£90k
Tower Painting/Dropped Objects Canopy	£250k	£1,400k	£0	£0
Resurface Viaducts and North Approaches	£30k	£170k	£2,700k	£0
Viaduct Barrier / Barrier Replacement	£0	£0	£300k	£1,000k
Resurface Main Span South	£0	£0	£50	£2,500k
Parking Areas Landscaping & Reconstruction	£0	£0	£1,000k	£0
Anchorage Investigation	£100	£800k	£2,500k	£2,500k
Main Cable Investigation	£20	£50k	£1,680k	£1,000k

**Strategy & Investment
10th February 2010**

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FETA Meeting 10th February 2010

Actions from last meeting

Action	Who	Progress	Follow-up
TS to investigate possible governance arrangements	SPIT	e-mail sent by LS on 11/11 with ref to SPFM & indicating that Tay would take forward developing draft form of works by Feb and would discuss prep with FETA. Tay have not made progress with this yet and LS has sent an e-mail to chase. Tay officials said they would contact FETA to discuss to ensure consistent approach.	Ask FETA to liaise with TAY on the back of info provided. FETA responded to e-mail sent on 11/11.
FETA to suggest dates one month in advance of Board Meetings and to provide TS with list of board meetings	FETA	Dates for meetings between TS and FETA proposed up to June 2010 – still awaiting confirmation of Board meeting dates for 2010 TBC	FETA to provide dates of Board meetings for 2010
RM to forward a summary of info provided so far to LS	FETA	Complete	
LS to make contact with TM following his return from paternity leave	LS	Complete	
FETA to provide latest version of financial plan	FETA	Complete	
TS to provide information from Bridges colleagues	TS	RC has been looking into this – we do have the list of KPIs from PAG which we can share but these are not specific to bridges with only one KPI on % of inspection programme achieved	RC to follow up further with Bridges colleagues to see if any additional info can be provided in advance of meeting on 10/2/10
BC to produce paper on insurance and reserves	BC	Nothing has been sent through – have left message for BC. Had requested knowledge of the scope and cover provided by the insurance policy but this has also not been provided to date	Remind BC at meeting and request that he provide the details
TS to feed in information on risk, reserve and insurance issues from SG colleagues	SPIT	RC has been investigating with Dft and HA what arrangements are in place for other UK bridges and their answer is the same (Government does not insure) Advice from finance colleagues is that they are content for insurance to remain in place for FRB and are content that the cost of this will be met through GIA funding. No paper from	RC to continue to try and find out arrangements for other similar structures in doing so we would also hope to begin to generate a wider

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		Barry on reserve and risk but all SPFM and Green Book docs have been sent through	bank of contacts who undertake a similar sponsorship function to us.
S&I to feed back info on network management issues to colleagues in TS	SPIT	This was done and Roy and Scott subsequently met with Barry Colford to discuss. All e-mails on these issues are being copied in to us from the FETA side now to ensure that we are aware of them and we are able to liaise with NMD colleagues	Complete

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Ross / Hazel / Raymond Meeting

We wish to press on with this topic, and want to get ahead of the meetings.
This would mean

- preparing an agenda - which would allow you to add items to it;
- looking to complete the minutes;
- holding these types of pre-meetings; and
- asking you to prepare papers in advance of the meetings with FETA and TAY – which, if necessary, can then be shared with Jackie or Frances.