



Forth Road Bridge

Forth Estuary Transport Authority

Budget update 2009-10

2nd July 2009

1 Purpose of report

To advise the Authority of the Revenue and Capital budget forecast expenditure position to 31st March 2010. This report has been prepared in consultation with the Chief Engineer and Bridge Master.

2 Main Report

Forecast expenditure to grant received

2.1 The forecast over spend to grant based on Period 2 information ended 31st May is £1.541m. The total Grant-in-Aid 2009-10 is £13.055m; forecast expenditure is estimated to be £14.596m.

2.2 The estimated forecast to grant position is shown in the table below:

| Expenditure type | Grant-in-Aid £'000 | Forecast £'000 | CFCR Adjustm't £'000 | Forecast Revised £'000 | Over Spend £'000 |
|------------------|-----------------------|-------------------|----------------------------|------------------------------|------------------------|
| Revenue | 5,048 | 5,888 | (756) | 5,132 | 84 |
| Capital | 8,007 | 8,708 | 756 | 9,464 | 1,457 |
| Total | 13,055 | 14,596 | 0 | 14,596 | 1,541 |

2.3 It should be noted that the Capital grant includes £0.780m for Revenue costs associated with Capital projects; the forecast against this element of grant is estimated to be £0.756m. An adjustment has been made between the grant headings to ensure that the spend has been reflected within the area grant funding has been received.

3 Revenue grant

3.1 The forecast over spend on Revenue grant is £0.084m. This primarily relates to a reduction in forecast external interest due to a drop in interest rates since the budget was set.

4 Capital grant

4.1 The forecast over spend on Capital grant is estimated to be £1.457m. Appendix 1 details the budget and forecast position 2009-11.

4.2 The table below details the forecast over spend per project 2009-10:

| Project | Budget £'000 | Forecast £'000 | Variance £'000 |
|----------------------------------|-----------------|-------------------|-------------------|
| Tower Painting/DOC | 2,500 | 2,906 | 406 |
| M9 Spur/A8000 Main Contract | 380 | 899 | 519 |
| Main Cable Dehumidification | 2,287 | 2,916 | 629 |
| Main Expansion Joint Replacement | 500 | 252 | (248) |
| Other Projects | 2,340 | 2,490 | 150 |
| Total | 8,007 | 9,464 | 1,457 |

4.3 The **main** reasons the variance are as follows:

- Tower Painting - £0.406m over spend – The additional costs here relate to the dismantling project which had been anticipated to be incurred 08-9 but was delayed. It should however be noted that the overall cost of this project increased to that budgeted 2008-9.
- M9 Spur/A8000 Main Contract - £0.519m over spend - When the budget for the M9 Spur/A8000 contract was agreed there were a number of unknown outstanding issues that could not be determined at that time. These included costs relating to contractor claims, land acquisition, disturbance claims and compensation claims which currently remain subject to negotiation and litigation. These costs have now been estimated based on information provided by The City of Edinburgh Council and are forecast based on a "most likely" outcome. Further revisions will be required once claims are settled.
- Main Cable Dehumidification - £0.629m over spend - The additional costs are primarily due to the provision of a third gantry to accelerate the works as a result of weather related delays and the subsequent increase in site supervision. This over spend is partially off-set by an under spend 2008-9 which was carried through reserves.
- Main Expansion Joint Replacement - £0.248m under spend – The estimated date for the commencement of site works has been delayed until March 2010, therefore there will be no contractor costs until this date.

5 Reserves/Funding

5.1 The Scottish Government committed to a three-year spending review settlement of £41.097m. This settlement was for financial years 2008-9 to 2010-11.

5.2 The current forecast position against this grant is estimated to be:

| | 2008-9 £'000 | 2009-10 £'000 | 2010-11 £'000 | Total £'000 |
|--------------------------------|-----------------|------------------|-----------------------------|----------------|
| Spending Review Funding | Actual | Actual | Balance | |
| Revenue | 7,070 | 5,048 | 4,500 | 16,618 |
| Capital | 6,895 | 8,007 | 9,577 | 24,479 |
| Total | 13,965 | 13,055 | 14,077 | 41,097 |
| Actual/Forecast/Budget | Actual | Forecast | Budget/ Forecast | Total |
| Revenue | 5,033 | 5,132 | 4,996 | 15,161 |
| Capital | 6,505 | 9,464 | 6,654 | 22,623 |
| Total | 11,538 | 14,596 | 11,650 | 37,784 |
| Variance | 2008-9 | 2009-10 | 2010-11 | Total |
| Revenue | (2,037) | 84 | 496 | (1,457) |
| Capital | (390) | 1,457 | (2,923) | (1,856) |
| Total | (2,427) | 1,541 | (2,427) | (3,313) |

5.3 The opening Reserve at the start of the Spending Review was £4.486m. The budget under spend for 2008-9 of £2.427 increased the Reserve to £6.913m at 31st March 2009. If we assume that the Authority will be fully funded up to the total of £41.097m then forecast expenditure against this grant would be £37.784m leaving a closing Reserve of £7.799m at 31st March 2011.

6 Key Risks – Barry and Robert require to revise and add further if appropriate

6.1 Future bridge maintenance requirements.

- 6.2 Anchorage Investigation. A total sum of £7.188m has been allocated to this project. However, the work involves excavation in rock to expose the post-tensioning strand in the anchorage tunnels and will have to be done with extreme care to avoid damaging the strands. It is further complicated by both the proximity of the existing viaduct piers, local housing and access roads. Environmental issues are also a key risk. In addition, full scale testing of the sockets within the anchorage chambers is also planned and access, containment and designing one off testing equipment will increase the financial risk.
- 6.3 Replacement Bearings. Given the increase in actual tender prices against estimates recently received for the Main Expansion Joint replacement contract, there is a risk that a similar increase in cost will occur for this project. That risk will increase if only a small number of contractors apply for inclusion on the tender list.
- 6.4 Suspended Span Truss Assessment. The checking process for this assessment has commenced and may result in further strengthening work being required on the Truss.
- 6.5 Parapet Investigation. Following the successful completion of the Suspended Span Parapet testing, work on the Viaduct Parapet testing has now commenced. This work may lead to a re-evaluation of containment levels and a further assessment of the need to replace the Viaduct Parapets. A sum has been included in the Capital Plan for replacement.
- 6.6 Cable Band Bolts. £0.630m has been included in the capital plan for this work. However, until the full extent of the cracking is determined the final cost of the remedial works can not be established. The five cracked nuts on the East Cable will be replaced and then examined this summer. Once this examination is completed a final report will be brought to the FETA Board later this year.
- 6.7 Main Cable Dehumidification. There is a risk of further weather delays. However, a third platform has been brought to site in order to accelerate the works and the risk to a significant increase in costs remains low.
- 6.8 A8000/M9 Spur – Currently a number of matters have still to be concluded that may impact on the final cost of the scheme. Forecasts built in are currently based on “Best-Case” settlement assumptions.
- 6.9 It should be noted that the main key risks remain the condition of the Main Cable and the Anchorages. Investigations are continuing into both elements and as results from these investigations become available then the level of risk can be evaluated. No allowance has been made in the Capital Plan for the replacement of the Main Cables or the Anchorages.

7 Conclusions

- (i) The Reserve balance at 31st March 2009 is £6.913m. The anticipated over spend 2009-10 of £1.541m would reduce this Reserve to £5.372m at 31st March 2010. Should current Capital Plan forecasts remain consistent and Revenue costs come in around budget then it would be anticipated that the Reserve could increase by a further £2.427m to £7.799m at 31st March 2011.
- (ii) A number of key risks exist that may impact on the Reserve balance.
- (iii) The financial position will continue to be closely monitored during 2009-10 and further reports will be prepared for future meetings.

8 Recommendation

It is recommended that the Authority note the contents of this report.

DONALD McGOUGAN
Treasurer



Forth Road Bridge

Forth Estuary Transport Authority

Appendix 1

CAPITAL PLAN 2009-11

| Projects | Type | Budget | | Forecast | | Variance | |
|---|------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2009-10 £'000 | 2010-11 £'000 | 2009-10 £'000 | 2010-11 £'000 | 2009-10 £'000 | 2010-11 £'000 |
| Tower Painting/Dropped Objects Canopy | C | 2,500 | 250 | 2,906 | 250 | 406 | 0 |
| M9 Spur extension / A8000 upgrade | C | 100 | 100 | 899 | 154 | 799 | 54 |
| Main Cable Dehumidification | C | 2,287 | 290 | 2,916 | 290 | 629 | 0 |
| Main Expansion Joint Replacement | C | 500 | 400 | 252 | 750 | (248) | 350 |
| Other Projects | | | | | | | |
| Vehicle Replacement | C | 20 | 30 | 20 | 30 | 0 | 0 |
| Parking Areas Landscaping & reconstruction | C | 250 | 0 | 200 | 30 | (50) | 30 |
| Toll Equipment Residual | C | 0 | 0 | 1 | 0 | 1 | 0 |
| Resurface Main/Side Spans North | C | 0 | 0 | 1 | 0 | 1 | 0 |
| Resurface Viaducts and North Approaches | C | 0 | 475 | 50 | 250 | 50 | (225) |
| Main Cable Acoustic Monitoring | C | 70 | 70 | 200 | 70 | 130 | 0 |
| Viaduct Barrier Replacement | C | 0 | 0 | 0 | 0 | 0 | 0 |
| Viaduct Bearing Replacement | C | 300 | 3,700 | 613 | 3,700 | 313 | 0 |
| Truss End Linkages | C | 20 | 500 | 38 | 50 | 18 | (450) |
| Tower Wind Barriers | C | 75 | 1,500 | 10 | 50 | (65) | (1,450) |
| Suspended Span Gantry Refurbishment | C | 200 | 0 | 200 | 0 | 0 | 0 |
| South Anchorage & Storage Area | C | 200 | 0 | 1 | 0 | (199) | 0 |
| Main Towers Cathodic Protection (Piers) | C | 250 | 0 | 250 | 0 | 0 | 0 |
| Replace Weigh in Motion System | C | 125 | 0 | 50 | 0 | (75) | 0 |
| Improvements to Deck Half Joints | C | 20 | 20 | 51 | 300 | 31 | 280 |
| High Mast Light Replacement | C | 0 | 0 | 20 | 50 | 20 | 50 |
| Cable Band Bolt Replacement | C | 30 | 300 | 30 | 300 | 0 | 0 |
| North Approach Rock Cut Stabilisation | C | 0 | 0 | 0 | 0 | 0 | 0 |
| Main Cable Investigation | R | 0 | 0 | 0 | 0 | 0 | 0 |
| Parapet Investigation | R | 300 | 20 | 300 | 20 | 0 | 0 |
| Bridge Specific Assessment Live Load | R | 30 | 0 | 30 | 0 | 0 | 0 |
| Susp. Span Truss Assessment & Strengthening | R | 50 | 0 | 74 | 50 | 24 | 50 |
| Anchorage Investigation | R | 350 | 800 | 300 | 100 | (50) | (700) |
| Main Cable Replacement/Augmentation Study | R | 0 | 0 | 2 | 0 | 2 | 0 |
| Contingencies / Minor Works | R | 330 | 210 | 50 | 210 | (280) | 0 |
| Total Revenue Schemes | | 8,007 | 8,665 | 9,464 | 6,654 | 1,457 | (2,011) |

C = Capital Projects R = Revenue costs