

MINISTERIAL ENGAGEMENT BRIEFING: STEWART STEVENSON

Engagement Title	Meeting with Representatives of The Forth Estuary Transport Authority (FETA)
Timing	Routine
Organisation/Venue and full address including postcode	Forth Road Bridge, Administration Office South Queensferry, West Lothian, EH30 9SF
Date and Time of Engagement	Date(s): Tuesday 12 th October 2010 Time(s): 11am to 12 noon
Background/Purpose	<p><input checked="" type="checkbox"/> MCS Diary Request Letter date: 16th June 2010</p> <p><input checked="" type="checkbox"/> MCS Letter reference: 2010/1000180</p> <p>Purpose/Invitation History: Invite from Councillor Phil Wheeler, FETA Convenor, to discuss future arrangements for the maintenance of the existing Forth Road Bridge, and FETA's future role in relation to the Forth Replacement Crossing (FRC). Tom Aitchison, FETA Chief Executive, subsequently wrote to you seeking to discuss the future funding of the existing Bridge.</p>
Greeting Party and specific meeting point on arrival (if event is at a non SE Building	Councillor Phil Wheeler and Bridgemaster Barry Colford. Entrance to Forth Road Bridge Reception.
Specific entrance for Ministerial Car/parking arrangements	<input checked="" type="checkbox"/> FETA Car Park – Front entrance. A space will be available.
Venue contact Number	0131 319 3092 or 0845 271 3050
Agenda	Attached
Summary Page (key issues) Briefing and Background on Forth Road Bridge and Forth Replacement Crossing	<p>Annex A – Purpose of Meeting and Top Lines</p> <p>Annex B - Meeting Agenda & Attendees</p> <p>Annex C – Background Briefing</p> <p>Forth Crossing Bill Update (FRC)</p> <p>Forth Road Bridge Budget and Spending Review 2010</p> <p>Contact & Education Centre</p> <p>(TS to supply to Minister's Private Office a note of</p>

<p>Media Handling</p> <p>Official Support</p>	<p>meeting about Contact and Education Centre being held on Monday 11th October.) Annex D - Invite from Phil Wheeler, 16th June Annex E – Letter from Tom Aitchison, 14th September</p> <p>Lesley Stewart, Strategy & Investment; and Billy Minto, Forth Replacement Crossing Team {TBC}</p>
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Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Cabinet Secretary for Finance and Sustainable Growth			X		

DG Economy
PS/Transport Scotland
David Middleton, Transport Scotland
Frances Duffy, Strategy & Investment
Jackie McAllister, Strategy & Investment
David Anderson, Strategy & Investment
Lesley Stewart, Strategy & Investment
Stewart Turner, Strategy & Investment
David Climie, FRC
Frazer Henderson, FRC
Lawrence Shackman, FRC
Billy Minto, FRC
Anne-Marie Martin, FRC
Andrew Pope, FRC
Sharon Fairweather, Finance, TS
David Reid, Finance, SG
Bill Valentine, Bridges
Cameron Gair, Bridges
Kenneth Hannaway, Solicitors, Transport
Communications Finance & Sustainable Growth
Communications, Transport Scotland
Kevin Pringle, Special Advisors

SUMMARY

Purpose of meeting:

The FETA Board wish to discuss funding pressures for the existing Bridge and their aspirations to take on the future management, maintenance and operation of the Forth Replacement Crossing (FRC).

Key Issues for FETA:

(i) Funding of the existing Forth Road Bridge

- FETA recognises it must play its part in making best use of public finances but is concerned to ensure that safety critical work required in coming years will be funded. On that basis they wish to discuss potential impacts of SR2010.

(ii) On future management, maintenance and operation of the Forth Replacement Crossing (FRC) FETA is of the view:

- That both bridges should be managed by a single operator to deliver efficiencies and operational benefits (At this stage this accords with our thinking);
- That some level of local accountability should be retained. (it is not clear to us that this is the case given the strategic and national importance of the road bridge)
- That FETA is well placed to fulfill this role and has the resources to do so; (We have insufficient information at this stage to determine if this is the case or not)
- FETA would possibly need to be reconstituted to take on this expanded role; (We agree. As a minimum legislative change would be required to add responsibility for the FRC)
- A decision is required on a maintenance strategy in advance of the 2013 date outlined in the policy memorandum of the Forth Crossing Bill; (We disagree but recognise the need for preparatory work)

AGENDA

**Meeting between Representatives of the
Forth Estuary Transport Authority (FETA) and Stewart Stevenson, MSP,
Minister for Transport, Infrastructure and Climate Change
Tuesday 12th October 2010 11:00am – 12 noon**

1. Welcome and Introductions
2. Future management, maintenance and operation of the Forth crossings
3. Funding of the Forth Road Bridge
4. Any other business

Top Lines

Future Maintenance of Forth Crossings

- Can see arguments for twin bridge maintenance approach although no decisions have been finalised on this.
- Remain of the view that there is no requirement to take a decision in advance of 2013. Current priority is to ensure successful passage of the Forth Crossing Bill by the end of this year.
- However, recognise the need for all options to be explored to determine the optimum maintenance strategy for the Forth crossings and that whatever outcome we arrive at will have an impact on the future of FETA.
- On that basis it seems sensible to work together on a review of the future of FETA taking account of potential different scenarios of gaining or not gaining maintenance operations of the FRC. This will have the benefit of helping us collectively plan for different futures and the output of this would feed into our wider options appraisal work on the maintenance of the FRC.
- Efficiency and 'fit for purpose' will drive the final decisions taken on maintenance and operation of the FRC. This must, therefore, be central to any review that we work jointly on regarding the future of FETA.
- On that basis I propose a review panel led by Transport Scotland officials that works with you on a review of options. As part of that I would expect to start by understanding your base level efficiency and 'fit for purpose' for your current operations. We would also propose to invite a member of the Highways Agency to open up opportunities for wider benchmarking.
- Given the potential wider implications I would suggest that it would also make sense for us to invite Tay Bridge Authority to join the group to consider whether any of the potential scenarios or benchmarking opportunities might also aid the planning of their future direction.

Funding of the existing Forth Road Bridge

- Currently in an exceptionally challenging fiscal environment where all opportunities to reduce costs and improve efficiency must be considered.
- Appreciate the efforts FETA has already made to phase capital spend.
- Cannot anticipate outcome of SR2010 however funding for existing essential contracts is being prioritised by SG as part of the Spending Review.
- Review would support FETA in current spending environment to measure current level of performance and highlight any opportunities to generate further efficiencies.

Background Briefing - Forth Crossing Bill - Update

The project is being authorised by way of a Hybrid Bill in the Scottish Parliament introduced in November 2009 as the Forth Crossing Bill. The Hybrid Bill deals only with the FRC and it does not include any of the Public Transport elements as these do not require parliamentary approval. Transport Scotland is in discussion with the local authorities and SEStrans, regarding the development of the public transport strategy, to maximise the opportunity created by the scheme to encourage greater use of public transport.

26 May 2010 - Stage 1 Bill debate. Parliament voted in support of the general principles (for 113, against 3, abstentions 2), and financial resolution (for 115, against 2, abstentions 1) of the Bill.

August - September 2010 - Assessor hearings Facilitated independent assessor (Professor Hugh Begg) to hear and consider the outstanding objections at Stage 2. Hearings concluded on 13 September and the Assessor's report is being considered by the Forth Bill Committee before producing their report, expected in the first week of November.

November 2010 – Stage 2 Debates (more likely now to be 5 December)

December 2010 – Stage 3 Debate

January 2011 - Subject to Parliamentary approval, Bill receives Royal Assent

Summer 2011 - Construction phase commences

Assessor Hearings

30 August – 3 September - Opening week well received with no contentious issues arising and focus on concerns such as construction traffic, the location of the haul road, mitigation measures and compulsory purchase of land. As a result of continued consultation outwith the hearings a further 4 groups withdrew their objection to the Forth Crossing Bill.

6 - 10 September - Focus of the second week's proceedings was the community councils, including Queensferry and District Community Council and Newton. The Assessor commended the time and attention they had given to the process. Margaret Smith, MSP attended to lead evidence with the Queensferry and District Community Council, in a session that lasted almost 5 hours. City of Edinburgh Council and West Lothian Council also appeared this week to give evidence on their outstanding objections, their principal issue being the lack of public transport provision within the Bill.

13 September - The two local authorities returned on Monday 13 September to deal with the issue of 'Noise'. Due to the unavailability of technical witnesses the week before this was held over until the Monday.

Technical Problems – Transcript 9 September - On the day that the two local authorities gave evidence, none of the City of Edinburgh Council evidence was recorded. It was agreed by all including the Assessor, clerks and Parliamentary legal advisors, to provide statements of position and closing submissions on the topics which were not recorded thereby avoiding any possible legal challenge.

Code of Construction Practice (CoCP) – a revision 3 of the code was published on 29 September 2010 in light of the Assessor hearings and comments back from statutory bodies. An updated **Commitments and Undertakings Register** was sent to the parliamentary clerks for publication on 29 September 2010, this will be further updated prior to the amendment phase of Stage 2 and at the conclusion of Stage 3.

FETA Budget and Spending Review (SR) 2010

Transport Scotland has kept Ministers up to date on engagement with FETA in preparation for SR2010. (Lesley Stewart's submissions of 7th and 19th August refer). FETA has expressed concerns about using the 2007 SR as the basis for scenario planning and the potential impact of cuts on its capital plan.

Grant In Aid Payments to FETA (2008/09 – 2010/11)

	2008/09	2009/10	2010/11	Total
Revenue	7,070	5,048	5,115	17,233
Capital	6,895	8,007	8,730	23,632
Total	13,965	13,055	13,845	40,865

Reserve

FETA met a £1.5m overspend in 2009/10 from its reserve, which now stands at **£5.4m** as at March 2010. Estimated reserve at March 2011 is **£5.2m** with FETA indicating it will absorb an overspend this year via reserves.

Committed Spend 2010/11 and 2011/12 - 2014/15

The most significant item of capital expenditure in 2010/11 and over the period of the next SR is funding of the Viaduct Bearings Replacement project (**£5/6/4/0.7m**). The tender has been approved by the Board. FETA sought assurances from the Scottish Government in advance of awarding the tender in relation to spend across SR periods. FETA is committed to projects with spend in the range of **£9.3m – £12.2m** over the 4 year SR period. Legally committed spend is being treated as the first priority by the Scottish Government for funding available therefore FETA's current commitments should be met.

Spending Review (SR) 2010

FETA have been made aware that their future spend must be prioritised against the requirements of the rest of Scottish Government (not just transport) and no further guarantees can be provided at this stage. FETA has planned for a number of large items of capital spend (see below), and while not yet committed, FETA deems many essential to ensure the structural integrity of the Bridge.

The baseline across the three year SR for capital expenditure is **£24.479m**. The estimated cumulative capital expenditure FETA is seeking within this SR period is within the range **£41.2m to £48.8m** for 2011/12 – 14/15. With proposed efficiencies, revenue spend is forecast at **£4.7m** per annum.

FETA have already re-profiled their capital programme by deferring and re-profiling schemes leading to a saving of **£7.6m**.

FETA will seek to make savings in revenue spend by;

- Freezing, or non-filling of vacant posts
- Reducing overtime worked
- Non-renewal of "all risks" element of bridge insurance.

FETA are of the view that there is little scope for further cuts without staff redundancies and an impact on the operational efficiency of the bridge. FETA suggest that redundancies and/or a further reduction in overtime including overnight working would result in more work having to be carried out during the working day, leading to carriageway closures and potentially increased congestion on the bridge.

As outlined in discussion with the Minister, TS officials are not in a position to advise on FETA's ability to generate further efficiencies and recommend that this is considered as part of the review.

**Attendees at Meeting between Stewart Stevenson MSP and FETA Board on
12th October 2010, FETA Offices, South Queensferry**

Name	Organisation	Position
Cllr Phil Wheeler	City of Edinburgh Council	FETA Board Member & Convenor
Cllr George Grubb	City of Edinburgh Council	FETA Board Member
Cllr Kate MacKenzie	City of Edinburgh Council	FETA Board Member
Cllr Tony Martin	Fife Council	FETA Board Member & Vice Convenor
Cllr Ian Chisholm	Fife Council	FETA Board Member
Cllr Mike Rumney	Fife Council	FETA Board Member
Tom Aitchison	FETA & City of Edinburgh Council	FETA Chief Executive & City of Edinburgh Council Chief Executive
Donald McGougan	FETA & City of Edinburgh Council	FETA Treasurer
Barry Colford	FETA	Chief Engineer & Bridgemaster
David Emerson	FETA & City of Edinburgh Council	Clerk to the Board
Lesley Stewart	Transport Scotland	Trunk Roads Policy Manager
Billy Minto	Transport Scotland	Forth Replacement Crossing