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Donald McGougan
Treasurer
Forth Estuary Transport Authority
10 Waterloo Place
EDINBURGH
EH1 3EG

Your ref:
«Yourref»

Our ref:
C1612594

Date:
30 March 2010

Dear Donald,

FORTH ESTUARY TRANSPORT AUTHORITY - GRANT-IN-AID – 2010/11

The Scottish Ministers in exercise of their powers under section 70 of the Transport (Scotland) Act 2001 hereby offer to give Forth Estuary Transport Authority (FETA) (“the Grantee”) Revenue Grant-in-aid of up to £5,114,615 STERLING and Capital Grant-in aid of up to £8,730,000 STERLING to be paid in instalments on the 15th of each month for the financial year 2010-2011.

I enclose two formal offers of Grant-in-aid to fund the projected revenue costs of maintaining and operating the Forth Road Bridge and for the capital spending programme for 2010-2011 agreed between Scottish Government and FETA at the meeting on 10 February 2010.

Detailed conditions and arrangements for payment of the Grant-in-Aid are set out in the attached offer letters. As in previous years, spend against profile will continue to be monitored throughout the year. A timetable for the submission of data to comply with the conditions of Grant-in-aid and for the regular quarterly meetings between Scottish Government and FETA is attached to this letter.

While Scottish Ministers do not generally provide Grant-in-aid in advance of need, Ministers have a limited discretion with respect to public sector bodies, in order to strike a balance between prudent management of the Grant-in-aid budget and the need to provide a reasonable amount of freedom for the funded body to take decisions of its own. As part of this flexibility it is accepted that a certain level of reserves should be held to facilitate the efficient management of the Forth Road Bridge, and the Scottish Ministers will keep the level of such reserves under review.

Scottish Ministers consider the commitment set out above and in the enclosed offer letters, taken together with the General Fund reserves, sufficient to meet FETA's estimated revenue and capital costs in the coming financial year. Scottish Ministers do not foresee a need for the Authority to undertake any new long-term borrowing commitments during 2010-2011.

Ministers recognise that, in the normal course of business funded bodies will have to award contracts which will run over several years, and often beyond the period covered by the Spending Review. Where such contracts are entered into in accordance with agreed policies and plans, Ministers recognise that there is an obligation on the Scottish Government to continue to provide the necessary funding. Where contracts for significant spend across Spending Review periods are to be entered in to, funded bodies should ensure that Scottish Ministers are advised and have an opportunity to consider such proposals in advance of firm commitments being given.

Spending Review

You are aware that the availability of resources will be significantly more restricted in the coming years. Ministers expect all public bodies, including FETA, to play their part in facing up to this challenging situation by continuing to deliver in what will be a much tighter funding environment. This will require more emphasis to be placed on the identification of further efficiencies and a prioritised capital programme based on those projects which are essential to ensure the maintenance and safe operation of the Forth Road Bridge.

The Spending Review bids for FETA will be submitted to Scottish Ministers by Transport Scotland and will be considered and scrutinised as part of the overall Scottish Government Transport Budget. It is therefore vitally important that FETA officials and Transport Scotland officials work closely together in preparation for the next Spending Review to prepare submissions that are robust and based on a sound risk based prioritisation of spend.

Although no timetable has been set for the forthcoming spending review it is likely that the preparation time for submissions will be limited, therefore I would urge you to begin preparations now and reiterate the need to consider the funding you may require in the context of the wider public spending environment.

Key Returns and Meetings

As outlined above, FETA officials and Transport Scotland officials will meet regularly to review, amongst other things, budget estimates, expenditure against financial profile, the amount of Grant-in-aid paid and to prepare for future Spending Reviews. Subject to the outcome of such meetings, FETA will adjust the financial profile for the remainder of the financial year and submit this to the Scottish Ministers for approval.

The proposed schedule of key returns and meetings in 2010/11 will be:

Key Returns	Date
Grant-in-aid acceptance	1st April 2010
Schedule 3 Grant-in-aid compliance 09/10	30th June 2010
Draft Accounts 2009/10	30th June 2010
Quarterly monitoring report	31st July 2010
Audited Accounts 2009/10	15th Oct 2010
Quarterly monitoring report	31st Oct 2010
Outline Budget for 2011/12	30th Nov 2010
Quarterly monitoring report	31st Jan 2011
Final Budget profile 2011/12	28th Feb 2011
Quarterly monitoring report	31st March 2011

Key Meetings with Transport Scotland	Agenda
11th May 2010	<ol style="list-style-type: none"> 1. Summary of expenditure against grant 2009/10 2. Reserve
5th August 2010	<ol style="list-style-type: none"> 1. Capital and Revenue - In-year Grant Returns 2010/11 - Period ended 30th June 2010 (Budget, Actual, Forecast) 2. Preparation for three-year spending review process 3. Long-term Capital Plan 2011/12 - 2025/26 4. Draft Accounts
7th October 2010	<ol style="list-style-type: none"> 1. Capital and Revenue - In-year Grant Returns 2010/11 - Period ended 31st August 2010 (Budget, Actual, Forecast) 2. Audited Accounts for 2009/10 3. Reserve
23rd November 2010	<ol style="list-style-type: none"> 1. Outline Budget for 2011/12 2. Three Year spending review update 3. Draft outline revenue & capital budgets 2011/14 4. Long term Capital Plan
1st February 2011	<ol style="list-style-type: none"> 1. Capital and Revenue - In-year Grant Returns 2010/11 - Period ended 31st December 2010 (Budget, Actual, Forecast) 2. Final Revenue and Capital Budget 2011/12 3. Final long-term Capital Plan 2011/12 - 2025/26 4. Reserve

I should be grateful if you would sign and return the Grant-in-aid Acceptance appended to each of the attached letters, and return the relevant documents to me, retaining one copy for your own records.

Yours sincerely,



FRANCES DUFFY