

FORTH ESTUARY TRANSPORT AUTHORITY
GRANT-IN-AID 2009/10
REVENUE AND CAPITAL GRANT-IN-AID TO EXPENDITURE UPDATE 31ST MARCH 2010



1.0 GRANT-IN-AID SUMMARY 2009/10

- 1.1** In overall terms FETA has over spent against Grant-in-Aid 2009/10 by £1.454m, this will be managed by utilisation of the Authority's reserves. Grant-in-Aid received 2009/10 totalled £13.055m, expenditure incurred was £14.509m. The over spend of £1.454m represents a reduction of £0.164m to the £1.618m forecast over spend reported to Transport Scotland on the 10th February and the Authority on the 26th February 2010.
- 1.2** The reduction of £0.164m relates to reduced recurring Revenue spend of £0.197m and increased Capital Plan costs of £0.033m.
- 1.3** The over spend against Grant-in-Aid 2009/10 relates solely to the Revenue and Capital costs associated with the Capital Plan. The £5.048m Revenue Grant-in-aid 2009/10 **recurring** expenditure has been fully matched by expenditure of £5.048m.
- 1.4** Capital Plan projects incurred additional expenditure of £1.454m. The Revenue costs of the Capital Plan were under budget by £0.154m, expenditure on Capital Projects was £1.608m over Grant-in-Aid.
- 1.5** The table below summarise the Grant-in-aid to expenditure position 2009/10;

Grant-in-aid 2009/10	Grant-in-aid £'000	Expenditure £'000	(Under)/Over £'000	Forecast Feb £'000	Movement £'000
Revenue	5,048	5,048	0	5,245	(197)
Capital	8,007	9,461	1,454	9,428	33
Total	13,055	14,509	1,454	14,673	(164)

2.0 2009/10 GRANT-IN-AID, ACTUAL AND PREVIOUS FORECAST COMPARISONS

- 2.1** The table below details, per division of the Authority, the Revenue expenditure incurred against Grant-in-Aid received 2009/10. It also details the previous forecast reported to the Authority and to Transport Scotland and reasons for any movements between actual costs 2009/10 and previous forecasts;

REVENUE	Grant-in-aid 2009/10 £'000	Actual to 31.03.10 £'000	Variance 2009/10 £'000	Forecast 10th Feb £'000	Actual to Forecast £'000	Reason for movement from previous forecasts reported to actual expenditure incurred 2009/10
Administration						
Employee Costs	635	657	22	638	19	One-off retirement costs approved by Board 26th Feb
Other costs	975	906	(69)	956	(50)	Work under taken to reduce support costs
	1,610	1,563	(47)	1,594	(31)	
Maintenance of Bridges, Buildings etc						
Employee Costs	1,447	1,486	39	1,543	(57)	Overtime, allowances, Bonus and Stand-by payments reduced.
Other costs	738	807	69	900	(93)	Carriageway patching and expenditure on the Main Towers not incurred
	2,185	2,293	108	2,443	(150)	
Traffic Operations						
Employee Costs	1,207	1,030	(177)	1,043	(13)	Overtime, allowances, Bonus and Stand-by payments reduced.
Other costs	259	305	46	306	(1)	
	1,466	1,335	(131)	1,349	(14)	
Income	(213)	(143)	70	(141)	(2)	
Net Revenue Expenditure	5,048	5,048	0	5,245	(197)	

2.2 The table below details the Capital expenditure incurred against Grant-in-Aid received 2009/10. It also details the previous forecast reported to the Authority and to Transport Scotland and reasons for any movements between actual costs 2009/10 and previous forecasts;

CAPITAL	Grant-in-aid 2009/10 £'000	Actual to 31.03.10 £'000	Variance 2009/10 £'000	Forecast 10th Feb £'000	Actual to Forecast £'000	Reason for movement from previous forecasts reported to actual expenditure incurred 2009/10
Capital Projects	7,227	8,835	1,608	8,570	265	The cost of Capital Projects increased by £265k to that reported previously. The reason for this was increased spend on two projects; Tower Painting/DOC project £191k and Main Expansion Joints £497k, off-set by reduced spending and slippage on other projects; mainly Main Cable Dehumidification (£90k) and M9 Spur/A8000 (£170k), there was also slippage on a number of other projects totalling (£163k).
Revenue costs of Capital Plan	780	626	(154)	858	(232)	The costs associated with Revenue costs of the Capital plan were £232k less than previously forecast. This mainly related to reduced expenditure on three projects; Vehicle Parapet Study (£146k), Bridge Specific Assessment Live Load (£30k) and Anchorages Investigation (£51k).
Net Capital Expenditure	8,007	9,461	1,454	9,428	33	
Total FETA Revenue and Capital 09/10	13,055	14,509	1,454	14,673	(164)	

3.0 2009/10 GRANT-IN-AID TO ACTUAL EXPENDITURE VARIANCE ANALYSIS

3.1 Detailed explanations for Revenue expenditure and Income variances to Grant-in-Aid received 2009/10 is included in the table below;

REVENUE	Grant-in-aid 2009/10 £'000	Actual to 31.03.10 £'000	Variance 2009/10 £'000	Variance notes
Employee costs	3,289	3,173	(116)	Savings associated with vacant posts and turnover. Also under spends in overtime and allowances.
Administration	975	906	(69)	Relates to budget under spends in a number of areas totalling (£136k) off-set by over spends in others of £67k. The under spends relate to the following; Water rebate (£27k), Insurance (£33k) and Support Costs (£76k). These under spends have been partially off-set by £67k unbudgeted costs approved by the Board relating to; the FETA Open Week, Website Redesign, FETA Rebranding and the Business Improvement Programme.
Maintenance	738	807	69	Additional spend against grant incurred in the following areas; £86k purchase of box girders for the Viaducts and Side Towers budgeted 08/9 not received until 09/10, £28k additional costs associated with contracting out the emergency launch boat and £20k clothing and general Maintenance supplies. These over spends were partially off-set by a (£61k) under spend due to carriageway patching not being carried out this financial year.
Operations	259	305	46	£30k related to communications equipment budgeted 08/9 not received until 09/10 and £14k additional spend on Weather Emergency materials.
Income	(213)	(143)	70	The shortfall in income here is a result in falling interest rates which affected the interest received on external investments. Income was budgeted at 2.7% around December 2008, it has fallen to approx 0.5% at March 2010.
Total Revenue Recurring	5,048	5,048	0	

3.2 Detailed explanations for Capital expenditure and Income variances to Grant-in-Aid received 2009/10 is included in the table below;

CAPITAL	Grant-in-aid 2009/10 £'000	Actual to 31.03.10 £'000	Variance 2009/10 £'000	Variance notes
Capital Projects				
Tower Painting/Dropped Objects Canopy	2,500	2,691	191	Re-erection at North Tower completed early due to good weather over winter resulting in early release of first portion of retention.
Parking Areas Landscaping and Reconstn	250	30	(220)	Project delayed due to planning and consultation issues.
Main Cable Acoustic Monitoring	70	143	73	Increased maintenance expenditure due to slippage of works from 2008/9.
Viaduct Bearing Replacement	300	767	467	As reported in February this project has been brought forward as a result of a delay in the Anchorage Investigation. Further costs are being incurred as a result of additional work to the concrete viaduct piers.
Main Expansions Joints	500	997	497	Works to install new inspection platforms to allow for increased inspection and maintenance regime brought forward on programme, in addition the Tender approved by the Authority on the 30th October 2009 exceeded the estimate by £0.8m.
Suspended Span Gantry Refurbishment	200	56	(144)	Project start delayed and not completed 2009/10. The Capital Plan has been revised in 2010/11.
South Anchorage and Store Area	200	0	(200)	Works deferred due to area being required for anchorage investigation.
Main Cable Dehumidification	2,287	3,176	889	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. There were also unforeseen delay costs relating to Cable Band Bolts.
Main Towers Cathodic Protection	250	39	(211)	Works have been delayed due to legal issues.
M9 Spur/A8000 Main Contract	380	663	283	The over spend relates to settlement of land acquisition claims, disturbance claims and compensation claims which were subject to negotiation and litigation. Some claims have slipped in to 2010/11.
Other projects	290	273	(17)	-
Total Capital Projects	7,227	8,835	1,608	
Revenue costs of Capital Plan				
Minor Projects	50	59	9	-
Suspended Span Truss Assessment	50	125	75	Additional works required by assessment checker.
Vehicle Parapet Study	300	154	(146)	Full programme of testing not required due to success of initial test.
Bridge Specific Assessment Live Load	30	0	(30)	Assessment delayed due lack of data from old Weigh in Motion System which required replacement.
Anchorage Investigation	350	286	(64)	Programme revised due to requirement for peer review.
Main Cable Replacemt/Augmentation study	0	2	2	-
Total Revenue Costs of Capital Plan	780	626	(154)	
Total Capital	8,007	9,461	1,454	
Total FETA Grant-in-Aid Shortfall 09/10	13,055	14,509	1,454	

4.0 RESERVES

4.1 Reserves at 31st March 2009 were £6.913m. The closing reserve based on an over spend against grant 2009/10 of £1.454m will therefore be £5.459m. The previous reserve estimate reported to the Authority and Transport Scotland was £5.295m, the difference of £0.164m and reasons for are highlighted in Tables 2.1 and 2.2.

	£'000
Opening Reserve 01.04.10	(6,913)
Over spend against Grant-in-Aid 09/10	1,454
Closing Reserve 31st March 2010	(5,459)