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From: Stewart L (Lesley)
Sent: 27 August 2009 17:26
To: Duffy F (Frances)
Cc: McAllister J (Jackie); [Redacted]
Subject: FETA and TAY Bridge 2010/2011 Budget

Frances

As discussed, please see below a note to explain the position in relation to the 2010/11 budgets for FETA and TAY.

Financial Position

SPENDING REVIEW ALLOCATION

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[Green]	[Black]	[Black]	[Black]	[Black]
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[Red]	[Black]	[Black]	[Black]	[Black]
[Cyan]	[Black]	[Black]	[Black]	[Black]
[Green]	[Black]	[Black]	[Black]	[Black]
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SPENDING REVIEW ALLOCATION

FETA	2008/09	2009/10	2010/11	Total
Resource	6.980	4.715	4.833	16.528
Capital	14.051	8.042	2.386	24.479
Total	21.031	12.757	7.219	41.007

GRANT PAYMENTS - (WHAT FETA ACTUALLY GET PAID)

FETA	2008/09	2009/10	2010/11	Total
Resource	7.070	5.048	4.410	16.528
Capital	6.895	8.007	9.577	24.479
Total	13.965	13.055	13.987	41.007

VARIANCE TO SPENDING REVIEW ALLOCATION

FETA	2008/09	2009/10	2010/11	Total
Resource	-0.090	-0.333	0.423	0.000
Capital	7.156	0.035	-7.191	0.000
Total	7.066	-0.298	-6.768	0.000

The Draft Budget Bill 2010/11 will have the following Budget for FETA/TAY **£10.746m**. (FETA £7.219m and TAY £3.527m).

The starting position for Grant Payments in 2010/11 is FETA £13.987m and TAY £10.845m. Total Payment **£24.832m** against a budget of **£10.746m** giving an overspend of **£14.086m**. (£6.7m overspend for FETA and £7.3m for Tay)

Explanation of overspend:

Underspends in previous years were reprofiled with the understanding that the funds would be made available in 10/11. Of the £14.086 underspend in previous years Transport Scotland received £7.8m 08/09 and a further £3.3m was returned to Transport Directorate. In 09/10 there is an underspend of £4m (Transport Scotland control).

Latest Forecasts of Spend

FETA – latest forecast for 10/11 is £11.7m with the caveat that this must be further reviewed against key risks. Over the total SR period this would result in an underspend of £2.813m which FETA would expect to add to their reserves.

Reserves

FETA PROJECTED RESERVE BALANCES

	2008/09	2009/10	2010/11
FETA	6.91	5.01	7.29

Potential for Reductions

While negotiations with FETA/TAY may be able to reduce this overspend there is an understanding and an expectation that the total spending review allocation will not be reduced. Ministers apparently gave this commitment to both Boards and to the Parliament. In addition, Transport Scotland has received £11.8m of the underspend in 08/09 and 09/10.




FETA

- Discuss whether there is a requirement for the underspend of £2.813m to be allocated to the reserve which would otherwise stand at £4.477m for 10/11
- Discuss smoothing of capital programme, in particular the viaduct bearing replacement £3.7m
- Discuss the use of the remaining £4.477m reserve (this will be a particularly sensitive discussion at this time and must be carefully managed)

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