

Roy Brannen, Director
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Hugh Dunn
Treasurer
Forth Estuary Transport Authority
Waverly Court
4 East Market Street
Edinburgh
EH8 8BG

Your ref:

Our ref: A10692988

Date:
31 March 2015

Dear Hugh,

**FORTH ESTUARY TRANSPORT AUTHORITY (FETA)
GRANT - USE OF GENERAL RESERVE FUNDING – 1st April 2015 to 31st May 2015**

On behalf of Scottish Ministers, I am writing to you to inform you that the Capital and Revenue Grant funding usually received by FETA upon Scottish Ministers exercising their powers under Section 70 of the Transport (Scotland) Act 2001, will cease to apply from April 1st 2015 as agreed.

For the period from 1st April 2015 until midnight 31st May 2015 (the point of dissolution for the Authority), you are required to meet any Capital and Revenue funding requirements by drawing down the funding you hold within your General Reserves. These figures (as advised by the Authority at the 20th February Board Meeting) are as follows:

Revenue - £1.11M
Capital - £368k

Ministers require that you continue to ensure that any contracts entered into between now and the Authority's dissolution are affordable in terms of the funds as outlined above. Any funds remaining beyond the period of the Authority's dissolution including the General Reserve Fund, forecast to be £3.471M (at 31st May 2015) as reported in your 20th February Board paper, will require to be transferred back to the Scottish Government following the completion and audit of your 2015/16 Financial Statements (anticipated August 2015).

With regard to the preparation of FETA's final Financial Statements and Accounts, Transport Scotland accepts the conditions recorded in email correspondence between Shaw/Gair on 26th March 2015 (included in Annex A of this letter).

I would be grateful if you could confirm acceptance of these conditions upon reply.

Yours sincerely,

[REDACTED]

ROY BRANNEN
Transport Scotland, Director

Annex A

From: [REDACTED]
Sent: 26 March 2015 12:15
To: Gair C (Cameron)
Cc: [REDACTED]
Subject: [PROTECT] RE: Meeting of the 17th February 2015
Importance: High

Cameron

My apologies for the delay in replying, after our meeting of 17th February 2015. During this period, I have consulted with service providers in City of Edinburgh Council regarding the transfer and cessation of services to the Forth Transport Estuary Authority.

I can now advise that the City of Edinburgh Council would be pleased to provide the following services in support of FETA prior during 2015/16:

- *Payment of all invoices and contract payments certified by approved officers of FETA, entered onto the City of Edinburgh Council's payment system up to and including Friday 29th May 2015;*
- *Payment of payroll for all payments authorised by approved officers of FETA and entered onto the City of Edinburgh Council's payroll system by the cut off date for the May payroll, which is 20th May. Any payments accruing to FETA staff after this date will require to be advised to Amey LG Ltd for inclusion in June payroll payment. This approach will also ensure transferring employees receive only one payslip from FETA in May 2015 and one payslip from Amey LG Ltd for June 2015;*
- *End date all FETA payroll records at 31 May 2015 and make payment to HMRC for employee tax deductions and National Insurance contributions to this period;*
- *Produce P45 records and agree with FETA how these will be managed;*
- *conclude active car leases and bicycles where such assets remain assets of the Council;*
- *Manage FETA's cash flow and Treasury Management until 31 May 2015 and continue to provide Treasury Management of FETA's remaining cash balances in accordance with FETA's Approved Treasury Management Strategy until such funds are transferred to Transport Scotland;*
- *Make settlement to HMRC of FETA's VAT liability at 31 May 2015;*
- *Provide to Transport Scotland details of all balance sheet balances of FETA at 31 May 2015, including any outstanding debtors and creditors;*
- *Prepare Annual Accounts for 2014/15 and for the part-year 2015/16, in accordance with Local Accounts Accounts (Scotland) Regulations 2014 and Code of Practice on Local Authority*

Accounting in the United Kingdom, and submit these to Audit Scotland. Liaise with Audit Scotland to ensure satisfactory outcome to audit of 2014/15 and 2015/16 financial statements;

- *Pay the audited balance of FETA's cash reserve at 31 May 2015 to Transport Scotland at immediate conclusion of the audit of FETA's Financial Statement 2015/16.*

Having investigated the payment system controls and procedures, I regret to advise that it will not be possible for invoices submitted to FETA, which are not authorised by approved FETA officers by 29 May 2015 to be paid by the City of Edinburgh Council. However, this will be offset by a compensating increase in the FETA cash balance due to Transport Scotland. In the circumstances of FETA invoices not authorised by approved FETA officers by 29 May 2015, early part-payment of the remaining FETA cash balance to Transport Scotland can be made to enable settlement of such invoices by Transport Scotland.

The City of Edinburgh Council has estimated that the cost of providing the services stated above will be £30,000. Provision was made for this cost within the FETA budget for 2015/16 approved by FETA at its meeting on 20th February 2015 and the City of Edinburgh Council would therefore seek to raise this charge to FETA at the date of dissolution.

I would be grateful if you could review this proposal and confirm your agreement or advise of any comments on any of the above issues.

Thank you

*Corporate Governance, Economic Development and Joint Boards
City of Edinburgh Council*