

From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED] <["barry.colford"](#)> [REDACTED]
Subject: RE: FETA grants 2008/09
Date: 22 January 2009 11:36:34

[REDACTED]

Many apologies. We had prepared a detailed reply for you on all of your points at the start of November, and I do recall speaking to you about it at the time. In that conversation I gave an indication that the replies to most of your points were affirmative, although we had an issue over the re-classification of revenue. However, we originally thought a meeting with the Minister would be taking place around that time, and held the reply awaiting confirmation of a date and agenda. As events rolled forward the reply was unfortunately overlooked.

The Ministerial meeting has now taken place and we have a date set for a budget meeting on 6 February, which I gather [REDACTED] and Barry will attend. We may touch on some of the same issues but, in the meantime, here are our responses to your original questions.

Note 2 - Reclassification of capital as revenue grant-in-aid: we are not able to reclassify the grant in this way. The overall grant levels for both capital and resource spending are set in our budget through the Spending Review process, and we would continue to classify the £1.6m and £1.87m in the next two years as capital grant-in-aid, from the Scottish Government's point of view. While I understand that this may cause some difficulties in reporting spend against the relevant feasibility studies, I trust it does not create significant difficulties.

Note 3 - Revenue underspend: we are content for you to handle the projected underspend as set out in your note.

Note 4 - Underspend on toll abolition grant: we are content to give formal consent to the retention of the underspend on this one-off grant, amounting to £319,000.

Note 5 - Increase capital grant-in-aid in 2008-09 to £2.148 million - we have noted the changed spending profile for capital. We are content to increase the capital Grant-in-aid (GIA) to be paid in the current year, from £6.895m to £9.043m. This revised figure remains within the Spending Review allocation, and reflects changes to the proposed grant levels in 2009-10 and 2010-11. The change requires an amendment to the relevant GIA letter, but I propose that we postpone this until after Budget and Monitoring Group meeting.

Note 6 - Rephase capital grant-in-aid: along with the above, we are content to proceed on the basis of your rephased spending proposals, as they stood

last October. This is likely to a matter for discussion again in February.

Note 7 - use of financial reserves: we have noted your proposed use of FETA's reserves of £1.508m, to meet some of the additional costs arising over the three year period. We are grateful for the efforts you have made on this, which brings the overall position back to a position close to the Spending Review allocations. I am hopeful that continued close monitoring will ensure that we can contain the position.

Note 8 - Options to meet the funding shortfall for the replacement of the main expansion joints: The issue of the expansion joints has moved on significantly since we last met, and since the announcement of the way forward on the Forth crossing. We can consider this further at our upcoming meeting, and following the completion of FETA's re-assessment of the project.

Once again my apologies for the delay in responding formally on these points. I hope this is helpful.

[REDACTED]

[REDACTED]

The Scottish Government
Transport Directorate

[REDACTED]

[REDACTED]

From: [REDACTED]
Sent: 12 January 2009 15:36
To: [REDACTED]
Cc: [REDACTED]; barry colford
Subject: FETA grants 2008/09

Hi [REDACTED]

I've no doubt that you will recall our meeting with yourself to discuss closing the FETA funding gap on 17th October 2008 (copy attached). The last page, "Issues for Discussion" highlighted areas that required formal consent in respect of changes to classification and amount of grant payable during the 3 year Spending Review period to 2010/11.

I discussed this matter with you on the phone and you indicated a problem in re-classifying grant, please see the email dated 14th November 2008 below.

The projected outturn for 2008/09 is being worked on, this means that the figures in the attached file may be out of date. However I thought it appropriate to bring this matter to your attention again as we are nearing the end of the 2008/09 year and require formal grant consent that will satisfy our Auditors and allow us to incur expenditure.

We are also trying to put together a budget for 2009/10 to 2011/12 but as you are probably aware, the announcement of a second crossing has meant that Barry is re-examining certain elements of his capital programme. We are hopeful of having this exercise completed by the end of January.

Regards

[REDACTED]

From: [REDACTED]
Sent: 14 November 2008 08:22
To: [REDACTED]
Cc: [REDACTED]
Subject: FETA grants 2008/09

Good morning [REDACTED]

Regarding our conversation yesterday regarding your potential problem re-classifying 2009/10 ?1.6m and 2010/11 ?1.870m capital grant as revenue.

Would a solution be for you to pay the capital grants as normal (before reclassification) and simply send me an email indicating that you are content for FETA to use ?1.6m and ?1.870m capital grant for capital expenditure of a revenue nature.

It's probably not as simple as this, but can you let me know your thoughts.

Regards



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