

**Meeting on 2<sup>nd</sup> November with [REDACTED] Jackie McAllister and [REDACTED] Strategy & Investment, Transport Scotland (TS)**

Purpose: Generally to discuss sponsorship arrangements for Forth Estuary Transport Authority (FETA) and Tay Road Bridge Joint Board (TAY), and more specifically TS is trying to agree a reserve policy with the FETA and TAY Boards. FETA currently has a reserve of £5million - £6 million and TAY has a reserve of £1.4m. Are these required now that they are funded by GIA by the Scottish Government?

As sponsor team, we are looking to establish how the issue of risk and reserve is dealt with in situations where we provide GIA to organisations. Thus:

- Where does the risk lie between the GIA funded organisation and the Scottish Government?
- What level of financial risk protection does SG provide?
- How much of this will fall to TS in the case of FETA and TAY?
- As sponsor with a role in providing financial risk cover to some degree (presumably) can we/ should we set clear requirements for risk management plans to be in place and approved by us?
- In similar vein, if TS is providing financial risk cover to what extent can / should we comment on financial / management risk issues particularly as they relate to contract issues?
- Assuming we understand where risk lies between SG and the GIA funded organisations can we determine the extent to which we require / desire FETA / TAY to maintain a reserve fund to deal with risk
- How would SG/TS accommodate any kind of unplanned expenditure on the bridge? What level of risk are TS or SG prepared to accept?
- Does TS have any locus to withhold GIA funding if we are dissatisfied with TAY spend e.g. procurement process for pier collision works. If this has been agreed by the FETA Board is that the end of the matter?

**Strategy & Investment  
30<sup>th</sup> October 2009**