



### Quarter 1 - at 30th June 2013

#### 1.0 GRANT SUMMARY 2013/14

- 1.1 In February 2013, the Authority approved a total expenditure budget for 2013/14 of **£11.752m**. The budget for revenue was **£5.100m** and capital **£6.552m**.
- 1.2 The total grant receivable for 2013/14 is **£10.700m**.
- 1.3 The capital budget of £6.552m approved in Feb 2013 was £1.052m higher than the capital grant for 2013/14. The Authority approved this additional expenditure to be drawn down from the Authority's Reserve.
- 1.4 Based on expenditure to 30th June 2013, the forecast outturn at 31st March 2014 is estimated to be **£12.602m**. This would leave a shortfall of **£1.902m** when compared to the grant for 13/14 of **£10.700m**. This requires to be met through the Authority's reserve. Variance explanations are provided in tables 2.1 and 2.2. but can be summarised as follows:

Revenue	£'000	£'000
- Forecast over spend 13/14 (mainly Maintenance and Ops cost deferred from 12/13)	217	217
<b>Capital</b>		
- Reserve drawdown approved Feb 2013/14 to fund capital expenditure		1052
- Project costs deferred from 12/13 (closing reserve inflated so no net effect)	573	
- Effect of revision to Anchorage investigation scope	-543	
- Reinstate Suspended Span Gantry improvement project	515	
- Other project revisions	8	
- Two new design projects for post 2015 preparation	80	633
		<b>1,902</b>

- 1.5 Based on the forecasts at 30th June 2013, the total drawdown required against the Authority's reserve for 2013/14 will be **£1.902m**.
- 1.6 It should be noted that where revenue expenditure is funded from capital under statute, the grants will require to be recognised as revenue grants within the Financial Statements of the Authority. However, for the purposes of reporting information to the Authority and
- 1.7 The table below summarises the Grant to forecast expenditure position 2013/14;

Approved expenditure 2013/14	Budget £'000	Forecast £'000	(Under)/Over £'000
Revenue	5,100	5,317	217
Capital	6,652	7,285	633
<b>Total Expenditure</b>	<b>11,752</b>	<b>12,602</b>	<b>850</b>
<b>Grant receivable 2013/14</b>			
Revenue	(5,100)	(5,100)	0
Capital	(5,600)	(5,600)	0
<b>Total Grant</b>	<b>(10,700)</b>	<b>(10,700)</b>	<b>0</b>
<b>Reserve drawdown approved Feb 2013</b>	(1,052)	0	1,052
<b>Total</b>	<b>0</b>	<b>1,902</b>	<b>1,902</b>

#### 2 FINANCIAL INFORMATION

- 2.1 The table below details, per division of the Authority, forecast Revenue expenditure against Revenue Grant 2013/14, variance explanations are also provided.

REVENUE	Budget	Forecast	(Under)/Over	Variance explanation
<b>Administration</b>				
Employee Costs	598	598	0	Employee forecasts will be reviewed at Q2 following full implementation of the new structure and an update on appeals.
Other costs	974	982	8	-
	<b>1 572</b>	<b>1 580</b>	<b>8</b>	
<b>Maintenance of Bridges, Buildings etc</b>				
Employee Costs	1,444	1,444	0	See admin emps comment
Other costs	846	1,004	158	Mainly carriageway patching costs deferred from 12/13 and notified to TS and the Board in June 2013. The tender for this work has been received, quality assessments are currently being carried out and the precise cost implications will be reported in October.
	<b>2 290</b>	<b>2 448</b>	<b>158</b>	
<b>Traffic Operations</b>				
Employee Costs	1,006	1,006	0	See admin emps comment
Other costs	342	381	39	Unbudgeted cost of Vehicle lease agreement. This cost was deferred from 12/13.
	<b>1,348</b>	<b>1,387</b>	<b>39</b>	
<b>Income</b>	(110)	(98)	12	Interest reduction rate on investment income.
<b>Net Revenue Expenditure</b>	<b>5,100</b>	<b>5,317</b>	<b>217</b>	

2.2 The table below details forecast Capital Plan expenditure against Capital Grant 2013/14, variance explanations are also provided.

CAPITAL PLAN	Budget	Forecast	(Under)/Over	Variance notes
<b><u>Committed schemes</u></b>				
Dismantle Dropped Objects Canopy	10	170	160	Deferred from 12/13 per the Budget report 12/13 presented on the 25th June 2013. The project was originally due for completion by end March 2013 but was delayed for various reasons, primarily weather.
M9 Spur extension / A8000 upgrade	353	490	137	Deferred from 12/13 per the Budget report 12/13 presented on the 25th June 2013.
Viaduct Bearing Replacement	536	515	(21)	Based on latest forecast from consultant
Stiffening Truss Assessment	0	5	5	
Anchorage Investigation	1,992	1,449	(543)	Following the reduction in the cope of the works forecast costs reduced further following completion of the detailed design of the reinstatement works and the reduction in management and site supervision costs.
Main Cable Dehumidification	15	15	0	
Main Towers Cathodic Protection (Piers)	118	118	0	
Improvements to Deck Half Joints	10	42	32	Deferred from 12/13 per the Budget report 12/13 presented on the 25th June 2013.
High Mast Light Replacement	0	7	7	
Cable Band Bolts	2,048	2,200	152	Deferred from 12/13 per the Budget report 12/13 presented on the 25th June 2013. The revised forecast is based on updated information from contractor/consultant where costs have reduced due to improved progress during periods of good weather. If further good progress is made there is a potential for further savings.
<b>Total committed capital plan projects</b>	<b>5,082</b>	<b>5,011</b>	<b>(71)</b>	
<b><u>Non-committed schemes</u></b>				
Main Cable Acoustic Monitoring	955	955	0	Deferred from 12/13 per the Budget report 12/13 presented on the 25th June 2013.
Truss End Linkages	300	335	35	Project deferred during 2012/13 to beyond 15/16 to ameliorate the shortfall in funding identified during 12/13. Project reinstated after the budget was set following revision of Anchorage investigation project which has reduced the forecast outturn.
Suspended Span Gantry Improvements	80	595	515	Deferred from 12/13 per the Budget report 12/13 presented on the 25th June 2013.
Suspended Span Under deck access (immediate improvements)	100	117	17	
Suspended Span Under deck Access (design)	0	50	50	Project undertaken to design of improvement to the under deck access system post 2015.
Vehicle Replacement	30	55	25	Deferred from 12/13 per the Budget report 12/13 presented on the 25th June 2013.
Contingencies / Minor Works	100	100	0	
Main Expansion Joints review work	5	20	15	Deferred from 12/13 per the Budget report 12/13 presented on the 25th June 2013.
Main Tower Wind Shielding	0	2	2	
Tower Impact Study	0	15	15	
Viaduct Painting Access	0	30	30	This project covers design of works to be undertaken post 2015.
<b>Total uncommitted capital plan projects</b>	<b>1,570</b>	<b>2,274</b>	<b>704</b>	
<b>Total Capital Plan 2013/14</b>	<b>6,652</b>	<b>7,285</b>	<b>633</b>	
Capital Grant receivable	(5,600)	(5,600)	0	
<b>Total Capital</b>	<b>1,052</b>	<b>1,685</b>	<b>633</b>	

### 3 RESERVE 2013/14

- 3.1 The unaudited reserve at 31st March 2013 was **£2.652m**. Based on a drawdown of **£1.902m** for 2013/14, the forecast closing reserve at 31st March 2014 is **£0.750m**.

	£'000
Opening Reserve 1st April 2013	2,652
Less, forecast expenditure in excess of grant receivable 2013/14	1,902
<b>Estimated Reserve 31st March 2014</b>	<b>750</b>

### 4 RESERVE 2013/14 and 2014/15

- 4.1 Based on the proposed current Capital Plan, capital grant income and the balance of the Authority's Reserve, it is estimated that the closing reserve of the Authority in March 2015, prior to dissolution in June 2015 will be **£0.623m**.

FETA RESERVE ESTIMATE	2013/14 £'000	2014/15 £'000	Total £'000	%
<b>CAPITAL PLAN:</b>				
<b>- Forecast expenditure at July 2013:</b>				
Committed schemes	5,011	263	5,274	65%
Non-committed schemes	2,274	580	2,854	35%
Total expenditure	7,285	843	8,128	
<b>- Capital Funding:</b>				
Capital Grant	(3,600)	(716)	(4,316)	
One-off Cable Band Bolts Grant (TBC)	(2,000)	0	(2,000)	
Total income	(5,600)	(716)	(6,316)	
<b>Capital Plan funding shortfall</b>	<b>1,685</b>	<b>127</b>	<b>1,812</b>	
<b>Revenue budget shortfall 2013/14</b>	<b>217</b>	<b>0</b>		
<b>Shortfall</b>	<b>1,902</b>	<b>127</b>	<b>1,812</b>	
Reserve	(2,652)	(750)		
<b>Closing Reserve</b>	<b>(750)</b>	<b>(623)</b>		

- 4.2 The majority of projects within the Capital Plan are already committed contractually. In total terms over two years 2013-2015, committed expenditure forecasts totalling £5.274m accounts for 65% of the total forecast cost of £8.128m. The options therefore available to manage any shortfall are limited to the further deferral of non-committed schemes. The total budget 2013-15 for non-committed schemes is £2.854m of which £2.270m relates to three projects that the Authority will bring to tender during 2013/14 (Main Cable Acoustic Monitoring, Truss End Linkages and Suspended Span Gantry Improvements). This will limit the options to defer expenditure on non-committed projects to meet any potential shortfall in capital funding during the remaining life of the Authority.

- 4.3 Although the Authority retains borrowing powers, no borrowing has been assumed due to the impending dissolution of the Authority around June 2015.

### 5 RISKS

- 5.1 Future bridge strengthening and improvement works yet to be determined.
- 5.2 Deferring further uncommitted capital projects.
- 5.3 Unbudgeted costs 2013/14 e.g. cost of new pay grading structure, equal pay claims, bridge cleaning costs through spillages of FRC embankment material, ICSBOC/50th Celebration, Board Room extension (TS agreed to fund), A8000 claims post October 2013, legal fees etc
- 5.4 Financial risks still remain with all the capital projects which have not had financial completion. However the risk on the the Anchorage Investigation contract has been minimised with completion on site. The financial risk to the Cable Band Bolts Replacement project has reduced significantly as the project is now over 85% complete. A detailed Capital Projects report and associated risks was presented to the Authority and Transport Scotland in June 2013. There are also risks around claims for the M9 Spur/A8000 Upgrading that the Authority continues to pay for. Transport Scotland has stated that they will not take over the funding of this project directly and therefore the potential liability associated with claims will remain with the Authority until the point of cessation. It should be noted that the main key risks remain the condition of the Anchorages and the Main Cable. However, the recent investigation and inspection results have reduced these risks significantly. No allowance has been made in the Capital Plan for the replacement of the Main Cables or the Anchorages. As reported in June 2013, there is a risk that the strengthening work being undertaken as a trial on the Truss End Links may not be successful and that full replacement of all eight links would be required.