



## Quarter 4 - at 31st March 2014

### 1.0 GRANT SUMMARY 2013/14

1.1 In overall terms the Authority has under spent against Grant 2013/14 by **£0.467m**. Table 1.7 below summarises the year-end position for 2013/14.

1.2 The over spend against grant can be summarised as follows:

£m

- Revenue under spend	(38)
- Capital under spend	(2,481)
- Reserve drawdown approved Feb 2013/14 to fund capital expenditure	1,052
- Capital Grant moved from 2013/14 to 2014/15 by Transport Scotland	1,000
	<b>(467)</b>

1.3 A forecast reserves drawdown for 2013/14 of £0.082m was reported to the Authority and Transport Scotland in February 2014. The reduction of £0.549m between outturn and forecast is mainly due to deferrals of expenditure within the Authority's capital plan relating to the Anchorage Investigation Project and the A8000 Upgrade.

1.4 Details of the movements between actual year-end expenditure 2013/14 and the forecasts reported in February 2014 are included in paragraph 2.1 and table 2.2.

### Request to carry-forward Revenue Grant under spend 2013/14

1.5 The Authority request confirmation from Transport Scotland to carry-forward £0.038m in relation to unspent Revenue Grant 2013/14. This is below the 10% threshold of £0.510m.

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 to Transport Scotland they will be included within capital.

1.7 The table below summarises the Grant to outturn expenditure position 2013/14, it also details movements in forecasts reported at Quarter 3.

Approved expenditure 2013/14	Budget £'000	Outturn £'000	(Under) / Over £'000	Forecast Quarter 3 £'000	(Under) / Over £'000
Revenue	5,100	5,062	(38)	5,090	(28)
Capital	6,652	4,171	(2,481)	4,692	(521)
<b>Total Expenditure</b>	<b>11,752</b>	<b>9,233</b>	<b>(2,519)</b>	<b>9,782</b>	<b>(549)</b>
Grant receivable 2013/14					
Revenue	(5,100)	(5,100)	0	(5,100)	0
Capital	(5,600)	(4,600)	1,000	(4,600)	0
<b>Total Grant</b>	<b>(10,700)</b>	<b>(9,700)</b>	<b>1,000</b>	<b>(9,700)</b>	<b>0</b>
Reserve drawdown approved Feb 2013	(1,052)	0	1,052	0	0
<b>Total</b>	<b>0</b>	<b>(467)</b>	<b>(467)</b>	<b>82</b>	<b>(549)</b>

## 2 MOVEMENT IN FORECASTS TO THOSE REPORTED AT QUARTER 3.

### 2.1 **REVENUE - £0.038m below the quarter 3 forecast**

Expenditure in revenue did not match previous reported forecasts for a number of reasons, these have been summarised below:

<u>Revenue - main cost changes</u>	Actual £'000	Forecast Quarter 3 £'000	Movement £'000	Explanation of cost movement
1. Administration				
- Utilities	226	202	24	Additional electricity costs not forecast.
- Legal Fees	211	145	66	Additional legal fees in relation to cable band bolt action.
- Festival	97	0	97	These represent advance costs incurred. It was previously forecast that these would be covered by advance tower top trip sales. However, the full balance of income for tower top trips received during 2013/14 has been moved in to next financial year to cover the majority of the festival costs that will be incurred then.
- Consultant fees	30	48	(18)	Mainly a reduction in web development.
- Income	(106)	(100)	(6)	General increase.
<b>Total</b>			<b>139</b>	
2. Maintenance				
- Deck Structure	83	104	(21)	Gantry repairs superseded by capital project.
- Anchorages	8	41	(33)	Maintenance costs superseded by investigation project.
- Rescue Launch	71	90	(19)	Costs to defer to 2014/15
<b>Total</b>			<b>(73)</b>	
3. Operations				
- Weather emergency	69	136	(67)	The result of favourable weather.
- Communications/General	55	82	(27)	Operations communication budget under spend and a general reduction in supplies and services.
<b>Total</b>			<b>(94)</b>	
<b>Total</b>			<b>(28)</b>	

### 2.2 **CAPITAL - £0.521m below the Quarter 3 Forecast**

The table below details the main movements between the year-end expenditure 2013/14 and the forecast at Quarter 3, movement explanations are also provided:

<u>Capital projects</u>	Actual £'000	Forecast Quarter 3 £'000	Movement £'000	Explanation of cost movement
Anchorages Investigation	1,061	1,262	(201)	Costs to defer to 2014/15
M9 Spur/A8000 Main Contract	139	478	(339)	Costs to defer to 2014/15 - mainly contractor retention delayed due to ongoing pavement compliance testing.
All other projects	2,971	2,952	19	General
<b>Total Capital Plan 2013/14</b>	<b>4,171</b>	<b>4,692</b>	<b>(521)</b>	

### 3 FINANCIAL INFORMATION

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

REVENUE	Budget £'000	Actual £'000	(Under)/Over £'000	Variance explanation
<b>Administration</b>				
Employee Costs	598	606	8	-
Other costs	974	1,105	131	Mainly additional utilities, legal and advance festival fees.
	<b>1,572</b>	<b>1,711</b>	<b>139</b>	
<b>Maintenance of Bridges, Buildings etc</b>				
Employee Costs	1,444	1,316	(128)	Two temp posts (engineer and painter) and a permanent rigger post not filled 2013/14.
Other costs	846	855	9	Mainly additional carriageway patching costs and main cable costs, off-set by reduction in spend on the deck structure, anchorages and rescue launch as reported in table 2.1
	<b>2,290</b>	<b>2,171</b>	<b>(119)</b>	
<b>Traffic Operations</b>				
Employee Costs	1,006	1,031	25	Increased costs over a number of elements including overtime.
Other costs	342	254	(88)	Mainly a saving relating to weather emergency
	<b>1,348</b>	<b>1,285</b>	<b>(63)</b>	
<b>Income</b>	(110)	(105)	5	-
<b>Gross Revenue</b>	<b>5,100</b>	<b>5,062</b>	<b>(38)</b>	
<b>Revenue grant</b>	<b>(5,100)</b>	<b>(5,100)</b>	<b>0</b>	
<b>Net Revenue</b>	<b>0</b>	<b>(38)</b>	<b>(38)</b>	

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

CAPITAL PLAN	Budget £'000	Actual £'000	(Under)/Over £'000	Variance notes
<b><u>Committed schemes</u></b>				
Tower Painting/Dropped Objects Canopy	10	135	125	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/A8000 Main Contract	353	139	(214)	Mainly contractor retention and consultants fees deferred to 2014/15 following pavement compliance testing.
Main Cable Investigation	0	4	4	-
Viaduct Bearing Replacement	536	544	8	-
Anchorages Investigation	1992	1,061	(931)	Following the reduction in the scope 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. Around £0.2m could defer to 2014/15 based on the Q3 forecast compared to the year-end outturn
Main Cable Dehumidification	15	3	(12)	-
Main Towers Cathodic Protection	118	0	(118)	Costs deferred to 2014/15 and expected to rise from £118k to £240k. This is the result of having to replace the transformer rectifiers on the system which was identified after the budget was set.

CAPITAL PLAN	Budget £'000	Actual £'000	(Under)/Over £'000	Variance notes
<b>Committed schemes</b>				
Improvements to Deck Half Joints	10	40	30	Deferred from 12/13 as reported in June 2013.
High Mast Light Replacement	0	7	7	-
Cable Band Bolt Replacement	2048	1,785	(263)	Final cost still to be determined, however the Board were advised that costs could reduce if weather was favourable.
<b>Total committed capital plan projects</b>	<b>5,082</b>	<b>3,718</b>	<b>(1,364)</b>	
<b>Non-committed schemes</b>				
Vehicle Replacements	30	0	(30)	No purchases during 2013/14.
Main Cable Acoustic Monitoring	955	98	(857)	This project has been deferred to 2014/15 due to the procurement process being reset.
Minor Projects	100	127	27	Additional lift maintenance costs.
Joint Replacement	0	66	66	Deferred from 12/13 as reported in June 2013.
Suspended Span Truss Assessment	0	3	3	-
Truss End Linkages	300	21	(279)	Costs deferred to 2014/15
Suspended Span Gantry Improvements	80	10	(70)	The project was deferred during 2012/13 to beyond 15/16 due to funding shortfalls. It was subsequently reinstated in October 2013 after the budget was set following a reduction in cost of the Anchorage investigation project. The project was then deferred to 2014/15.
Plant and Equipment	0	6	6	-
Suspended Span Underdeck access (advance contract and Main Contract)	100	90	(10)	-
Main Expansion Joints Review Work	5	0	(5)	-
Viaducts Painting Access	0	24	24	A new project identified during 2013/14 following inspection of the Pier Defences.
Pier Defences Painting	0	8	8	
<b>Total uncommitted capital plan projects</b>	<b>1,570</b>	<b>453</b>	<b>(1,117)</b>	
<b>Total Capital Plan 2013/14</b>	<b>6,652</b>	<b>4,171</b>	<b>(2,481)</b>	
Capital Grant receivable	(5,600)	(4,600)	1,000	See paragraph 1.2
<b>Total Capital</b>	<b>1,052</b>	<b>(429)</b>	<b>(1,481)</b>	

### 3 RESERVE 2013/14

3.1 The reserve at 31st March 2013 was **£2.652m**. Based on an under spend of £0.467m for 2013/14, the closing reserve at 31st March 2014 is **£3.119m**.

	£'000
Opening Reserve 1st April 2013	(2,652)
Less, expenditure less than grant receivable 2013/14	(467)
<b>Closing Reserve 31st March 2014</b>	<b>(3,119)</b>

3.2 The closing reserve is £0.549m higher than the estimate of £2.570m reported to the Authority and Transport Scotland in February 2014. It is expected that the majority of the costs i.e. anchorage investigation and A8000 upgrade will defer as unbudgeted costs 204/15 to be met through the reserve during 2014/15. The first set of budget forecasts for 2014/15 will be presented to the Authority at it's meeting in August/September 2014, Transport Scotland will be updated by the 31st July 2014 as per the terms and conditions of Grant.

#### **4 RISKS**

- 4.1 Future bridge strengthening and improvement works yet to be determined.
- 4.2 Deferring further uncommitted capital projects.
- 4.3 Cost increases to those in the draft 2014/15 budget for projects currently out to tender (Main Cable Acoustic Monitoring and the Suspended Span Under Access Advance Contract)
- 4.4 Cost revisions to those currently included resulting from the final accounts of Anchorage Investigation and Cable Band Bolt replacement project.
- 4.5 Forth Bridges Festival events that the Authority has committed to where costs/income forecasts do not match those previously reported to the Board.
- 4.6 Unbudgeted costs 2014/15 - e.g. equal pay claims, Cable Band Bolt legal fees/loss of case and A8000 claims.
- 4.7 A risk remains that the trial strengthening work on the Truss End Links is unsuccessful and full replacement is required and there is a risk that further delays to the Pier Defences Cathodic Protection repairs will cause more deterioration to the steel sheet piling.