



1.0 GRANT-IN-AID SUMMARY 2010/11

- 1.1 Total Grant-in-Aid received for 2010/11 from the Scottish Government is £13.845m. Expenditure against this grant based on actual expenditure to 31st December 2010 is forecast to be £15.144m, leaving an estimated over spend to be met from the Authority's Reserve of £1.299m. The costs associated with the Authority's Capital Plan is estimated to be over Grant-in-Aid by £1.649m off-set partially by a forecast under spend against Revenue Grant-in-Aid of £0.350m.
- 1.2 The forecast over spend has increased by £0.224m to that previously reported to Transport Scotland and the Authority in October 2010. The revenue forecast has reduced by £0.069m, capital has increased by £0.293m. The movements are explained in tables 2.1 and 2.2 and relate mainly to a revision of the forecast for the Viaducts Bearing Replacement project.
- 1.3 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 Transport Scotland they will be included within capital.
- 1.4 The table below summarises the Grant-in-aid to forecast expenditure position 2010/11;

Grant-in-aid 2010/11	Grant-in-aid £'000	Forecast Quarter 3 £'000	(Under)/Over £'000	Forecast Quarter 2 £'000	Movement £'000
Revenue	5,115	4,765	(350)	4,834	(69)
Capital	8,730	10,379	1,649	10,086	293
Total	13,845	15,144	1,299	14,920	224

2.0 FINANCIAL INFORMATION

- 2.1 The table below details, per division of the Authority, the Revenue expenditure forecast 2010/11 against Grant-in-Aid received 2010/11. It also details the previous forecast reported to the Authority and to Transport Scotland and reasons for any movements between previous forecasts;

REVENUE	Grant-in-aid £'000	Forecast Quarter 3 £'000	(Under)/Over £'000	Forecast Quarter 2 £'000	Movement £'000	Reason for movement from previous forecast
Administration						
Employee Costs	656	573	(83)	586	(13)	-
Other costs	976	917	(59)	964	(47)	Mainly due to non-renewal of all risks insurance policy resulting in an increased under spend to that previously reported.
	1,632	1,490	(142)	1,550	(60)	
Maintenance of Bridges, Buildings etc						
Employee Costs	1,542	1,393	(149)	1,425	(32)	Review of staffing forecasts, mainly overtime.
Other costs	673	697	24	657	40	Mainly forecast increases for monitoring gas within the Anchorages and additional contractor usage of the Rescue Launch.
	2,215	2,090	(125)	2,082	8	
Traffic Operations						
Employee Costs	1,076	999	(77)	1,013	(14)	-
Other costs	286	315	29	285	30	Weather emergency forecasts increased.
	1,362	1,314	(48)	1,298	16	
Income	(94)	(129)	(35)	(96)	(33)	Back dated rent and recovery of costs relating to an accident.
Net Revenue Expenditure	5,115	4,765	(350)	4,834	(69)	



- 2.2 The table below details, per division of the Authority, the Capital expenditure forecast 2010/11 against Grant-in-Aid received 2010/11. It also details the previous forecast reported to the Authority and to Transport Scotland and reasons for any movements between previous forecasts;

CAPITAL	Grant-in-aid £'000	Forecast Quarter 3 £'000	(Under)/Over £'000	Forecast Quarter 2 £'000	Movement £'000	Reason for movement from previous forecast
Parking Areas Landscaping & Reconstruction	200	370	170	370	0	-
Tower Painting/Dropped Objects Canopy	250	220	(30)	220	0	-
Main Cable Dehumidification	307	370	63	420	(50)	-
Main Expansion Joints Under Deck Access Platforms	1,638	1,251	(387)	1,207	44	-
Viaduct Bearing Replacement	5,022	6,350	1,328	5,983	367	The Q3 forecast is based on the latest spend profile provided by the Contractor and reflects actual costs to date plus anticipated expenditure for the rest of this financial year.
M9 Spur extension / A8000 upgrade	183	466	283	489	(23)	-
Other projects	855	941	86	1,051	(110)	Mainly a reduction in the forecast for Cathodic Protection of the Main Towers. There are ongoing issues with this project that will not be resolved this financial year.
Revenue costs of Capital Plan	275	411	136	346	65	Revisions to studies and investigations, mainly in relation to the investigation of the Anchorages.
Total Capital	8,730	10,379	1,649	10,086	293	

3.0 VARIANCE ANALYSIS

- 3.1 The table below details, per division of the Authority, the forecast Revenue expenditure compared to Grant-in-Aid 2010/11, variance explanations are also provided.

REVENUE	Grant-in-aid £'000	Forecast Quarter 3 £'000	(Under)/Over £'000	Variance explanation
Administration				
Employee Costs	656	573	(83)	Vacant posts not forecast to be filled (Support Assistant, Finance Officer and Cleaner).
Other costs	976	917	(59)	Under spends forecast for insurance and City of Edinburgh Council support costs off-set by additional spend on the Business Improvement Project.
	1,632	1,490	(142)	
Maintenance of Bridges, Buildings etc				
Employee Costs	1,542	1,393	(149)	Vacant posts not forecast to be filled 10/11 (3 x Painter, 1 x Rigger, 1 x Bridge Inspector) and a review of other budgets including overtime.
Other costs	673	697	24	Under spends forecast for Hangers and Viaducts/Side Towers due to project delays, off-set by additional costs associated with the Anchorages (gas monitoring) and use of the contracted rescue launch boat.
	2,215	2,090	(125)	
Traffic Operations				
Employee Costs	1,076	999	(77)	Non-contractual employee costs less than budgeted, mainly overtime and allowances.
Other costs	286	315	29	Increased weather emergency costs
	1,362	1,314	(48)	
Income	(94)	(129)	(35)	Back dated rental income and recovery of costs relating to an accident.
Net Revenue Expenditure	5,115	4,765	(350)	



3.2 The table below details, per division of the Authority, the Capital expenditure forecast against Grant-in-Aid 2010/11, variance explanations are also provided.

CAPITAL	Grant-in-aid £'000	Forecast Quarter 3 £'000	(Under)/Over £'000	Variance notes
Parking Areas Landscaping & Reconstruction	200	370	170	The scope of reconstruction increased and the actual tender cost exceeded the estimate.
Tower Painting/Dropped Objects Canopy	250	220	(30)	Reduction in cost is due to the procurement contract to dismantle the Dropped Object Canopy on completion of the North Main Tower painting being delayed.
Main Cable Dehumidification	307	370	63	Modification works have been identified for the project.
Main Expansion Joints Under Deck	1,638	1,251	(387)	The activity schedule for this project was revised. The project is now substantially complete.
Viaduct Bearing Replacement	5,022	6,350	1,328	The 2010/11 budget for this project was based on an anticipated spend profile prepared by the project Engineer, prior to the commencement of the contract. The contractor has produced a revised forecast which varies from that previously estimated. Works on this project are currently behind programme and as a result future year payments will increase on the project. At this stage it is anticipated that the total project, including all cost to the contractor consulting engineers and others will be over budget by £0.885m. However, this is an early estimate and may be subject to variation. The total budget for the project approved by the Authority in Feb 2010 was £15.740m, the current total forecast is £16.625m.
M9 Spur extension / A8000 upgrade	183	466	283	Settlements deferred from 2009/10 and revisions to land acquisition and compensation estimates provided by the City of Edinburgh Council Estates division. As reported previously to the Authority and to Transport Scotland there are a number of land acquisition, compensation and disturbance claims that remain subject to negotiation and litigation. It is likely that the forecast this year will differ to the expenditure incurred at the end of the year due to settlements being delayed and variations to the settlement amount awarded. This would also have an impact on the 2011/12 budget where any delayed settlements may require to be funded from the Authority's reserve.
Other projects	855	941	86	Additional costs are forecast to be incurred relating to additional studies being carried out on Tower Wind Barriers/Impact Strengthening. In addition to this, the actual tender cost also exceeded the estimate for the Suspended Span Gantry Refurbishment. Further works were also required to procure the contractor for the trial joint installation which is being brought forward in relation to improvements to Deck Half Joints. These extra costs have been partially off-set by a reduction in the forecast for Cathodic Protection of the Main Towers as detailed in table 2.2
Revenue costs of Capital Plan	275	411	136	Mainly additional Suspended Span Truss Strengthening investigation expenditure being brought forward and an increase in costs associated with the investigation of the Anchorages.
Total Capital	8,730	10,379	1,649	

4. RESERVES

4.1 The Authority's Reserve at 31st March 2010 was £5.459m. The closing Reserve based on a forecast over spend against grant 2010/11 of £1.299m will therefore be £4.160m. At present it is estimated that there will be a shortfall in capital funding 2011/12 of £0.859m which will require to be met through the Authority's reserve. It should be noted that the main key risks remain the condition of the Anchorages and the Main Cable. Investigations are continuing into both elements and as results from these investigations become available then the level of risk can be evaluated. No allowance has been made in the Capital Plan for the replacement of the Main Cables or the Anchorages.

	£'000
Opening Reserve 01.04.10	(5,459)
Forecast over spend 2010/11	1,299
Estimated Reserve 31st March 2011	(4,160)