

Meeting of Forth Estuary Transport Authority
25th February 2011

Budget Monitoring 2010/11 Quarter 3 to 31st December 2010

1 Purpose of report

To advise the Authority of the forecasts for revenue and capital expenditure to 31st March 2011. This report has been prepared in consultation with the Chief Engineer and Bridgmaster.

2 Summary

Forecast expenditure to grant received

- 2.1 The forecast over spend against grant is £1.299m; Grant-in-Aid 2010/11 is £13.845m, forecast expenditure is estimated to be £15.144m.
- 2.2 Forecast expenditure has increased by £0.224m from the £14.920m reported to the Authority in October. Forecasts have reduced in revenue by £0.069m mainly relating to adjustments to employee costs. The capital forecast has increased by £0.293m mainly relating to increased costs arising from delays in the Viaducts Bearings Replacement Project. These are shown in more detail in table 4.2.
- 2.3 The estimated forecast to grant position is shown in the table below:

Grant-in-aid 2010/11	Grant-in-aid £'000	Forecast at Quarter 3 £'000	(Under) / Over £'000	Forecast at 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

- 2.4 The forecast over spend of £1.299m will be met from reserves. Section 5 of this report details the reserve position.

3 Main Report

Revenue expenditure

3.1 The forecast revenue under spend is £0.350m. This under spend is due to;

- (i) Employee costs – under spend £0.309m – savings associated with vacant posts not being filled, turnover and overtime and allowances being reviewed.
- (ii) Other costs – under spend £0.041m – mainly forecast under spends on Insurance and City of Edinburgh Council support costs.

4 Capital expenditure

4.1 The forecast capital over spend is estimated to be £1.649m.

4.2 The estimated forecast to grant position is shown in the table below:

Capital Plan	Grant-in-aid £'000	Forecast at Quarter 3 £'000	(Under) / Over £'000	Forecast at Quarter 2 £'000	Movement £'000
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
M9 Spur extension / A8000 upgrade	183	466	283	489	(23)
Other projects	855	941	86	1,051	(110)
Revenue costs of Capital Plan	275	411	136	346	65
Total Capital	8,730	10,379	1,649	10,086	293

4.3 The main reasons for the 2010/11 forecast over spend are as follows:

4.3.1 Parking Area Landscaping and Reconstruction - £0.170m over spend - The scope of reconstruction increased and the actual tender cost exceeded the estimate.

4.3.2 Main Expansion Joints, Under Deck Access Platforms - £0.387m under spend – The activity schedule for this project was revised and the project is now substantially complete.

- 4.3.3 Viaducts Bearing Replacement - £1.328m over spend – 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.
- 4.3.4 M9 Spur/A8000 Main Contract - £0.283m over spend – As reported in October there are a number of unknown outstanding issues that cannot be determined at this time. These included costs relating to land acquisition, disturbance claims and compensation claims which currently remain subject to negotiation and litigation. Further revisions to future year forecasts may be required once claims are settled.
- 4.3.5 Revenue costs of Capital Plan - £0.136m over spend - Mainly additional Suspended Span Truss Strengthening investigation expenditure and an increase in costs associated with the investigation of the Anchorages.

5 Reserves/Risk


- 5.1 The audited reserve at 31st March 2010 is **£5.459m**. Based on a projected over spend of £1.299m as referred to in paragraph 2.1, the project reserve at 31st March 2011 would be **£4.160m**.
- 5.2 These reserves are subject to a number of key risks, all of which would impact from financial years 2011/12 onwards and are covered in the Budget Report which is presented separately on this agenda.

6 Conclusions

- 6.1 The Reserve balance at 31st March 2009 is £5.459m. The anticipated over spend 2010/11 of £1.299m would reduce this Reserve to £4.160m at 31st March 2011.
- 6.2 The financial position will continue to be monitored closely for the remainder of the financial year and the outturn position will be reported to the meeting of the Authority in June.

7 Recommendation

- 7.1 It is recommended that the Authority note the contents of this report.


DONALD McGOUGAN
Treasurer

7/02/2011

Appendices: None
Contact/Tel: Toby MacDonald: 0131 469 3078
Background Papers: Held at offices of the Treasurer