

ITEM No ...2.....

At a MEETING of the **TAY ROAD BRIDGE JOINT BOARD** held at Dundee on 11th September, 2017.

Present:-

Depute Lord Provost Bill CAMPBELL, Bailie Fraser MACPHERSON and Councillors Stewart HUNTER, Margaret RICHARDSON and Jonny TEPP.

Also Present (Officers):-

Alan Hutchison, Kenny McKaig, George Manzie.

Apologies for Absence:-

Councillors Lynne Short, Andy Heer, Bill Connor, John Docherty, George McIrvine and Brian Thomson.

I DECLARATION OF INTEREST

There were no declarations of interest.

II MINUTE OF MEETING OF TAY ROAD BRIDGE JOINT BOARD OF 19TH JUNE, 2017

The minute of the above meeting was submitted and approved.

III OPERATIONAL RESTRICTIONS AND CLOSURES

There was submitted Report No TRB19-2017 by the Bridge Manager appraising the Joint Board of the number and nature of operational restrictions and closures applied between 1st May, 2017 and 31st July, 2017.

The Joint Board agreed to note the contents of the report.

IV TENDER REPORT – IMPROVEMENTS TO ADMINISTRATION CAR PARK

There was submitted Report No TRB20-2017 by the Bridge Manager requesting the Joint Board authorise the appointment of Tayside Contracts to carry out asphaltting and fencing improvement works to the Administration Office car park.

The Joint Board agreed to:-

- (i) instruct the Clerk of the Board to accept an offer of £48,587.92 from Tayside Contracts, procured directly through the Dundee roads Maintenance Partnership; and
- (ii) the overall expenditure of £59,653.71 including an allowance of £4,858.79 for contingencies and £6,207.00 for professional fees associated with design, tender preparation and site supervision.

V ANNUAL REVIEW OF STRATEGIC RISK MANAGEMENT

There was submitted Report No TRB21-2017 by the Bridge Manager appraising the Joint Board of the annual review of Strategic Risk Management issues.

The Joint Board agreed to note the contents of the report.

VI REVENUE MONITORING – FOUR MONTHS TO 31ST JULY, 2017

There was submitted Report No TRB15-2017 by the Treasurer appraising the Joint Board of the current monitoring position of its 2017/2018 Revenue Budget.

The Joint Board noted the contents of the Revenue Monitoring Report as at 31st July, 2017.

VII CAPITAL MONITORING – FOUR MONTHS TO 31ST JULY 2017

There was submitted Report No TRB16-2017 by the Treasurer appraising the Joint Board of the current monitoring position of its 2017/2018 Capital Budget.

The Joint board noted the contents of the Capital Monitoring Report as at 31st July, 2017.

VIII INTERNAL AUDIT – ANNUAL AUDIT PLAN 2017/2018

There was submitted Report No TRB17-2017 by the Treasurer presenting to the Joint Board the Internal Audit Annual Audit Plan.

The Joint Board noted the contents of the Internal Audit Annual Plan for 2017/2018.

IX AUDITED ACCOUNTS 2016/2017

(a) EXTERNAL AUDITOR'S REPORT

There was submitted and noted the Annual Audit Report on the Tay Road Bridge Joint Board for the year ended 31st March, 2017.

(b) RESPONSE TO EXTERNAL AUDITOR'S AND ANNUAL REPORT

There was submitted Report No TRB18-2017 by the Treasurer as a response to the report prepared by the Board's External Auditor on the audit of Tay Road Bridge Joint Board for the year ended 31st March, 2017.

The Joint Board agreed to:-

- (i) endorse the report as the formal response to the External Auditor's report;
 - (ii) note that the External Auditor's findings and conclusions were favourable; and
 - (iii) instructed the Treasurer to monitor the implementation of the agreed action plan appended to the report.
- (c) **AUDITED ANNUAL ACCOUNTS FOR YEAR ENDED 31ST MARCH, 2017**

There was submitted and noted the Audit Statement of Accounts for the year ended 31st March, 2017.

X PROGRAMME OF MEETINGS 2018

Monday, 5th March, 2018 At 10 am in Dundee
Monday, 18th June, 2018 at 10 am in Dundee
Monday, 10th September, 2018 at 10 am in Dundee
Monday, 3rd December, 2018 at 11 am in Fife

The Joint Board agreed the above programme of meetings for 2018.

XI AOCB

There was no other competent business.

XII DATE OF NEXT MEETING

Monday, 4th December, 2017 at 11.00 am in Fife.

Stewart HUNTER, Chairman.

ITEM No ...3.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 DECEMBER 2017
REPORT ON: REPORT ON OPERATIONAL RESTRICTIONS AND CLOSURES
REPORT BY: THE BRIDGE MANAGER
REPORT NO: TRB 26 - 2017

1 PURPOSE OF REPORT

- 1.1 To appraise the Joint Board of the number and nature of operational restrictions and closures applied between 1 August 2017 and 31 October 2017.

2 RECOMMENDATIONS

The Board are asked to note the contents of this Report as at 31 October 2017.

3 FINANCIAL IMPLICATIONS

There are no financial implications as a result of this report.

4 POLICY IMPLICATIONS

- 4.1 None.

5. COMMENTARY ON RESTRICTIONS AND CLOSURES

- 5.1 Restrictions are applied to the traffic on the bridge for a number of reasons including recovering debris, breakdowns, high winds and other operational requirements, such as carriageway inspections. Miscellaneous incidents include escorting pedestrians from the carriageway.

A summary of the restrictions applied between 1 August 2017 and 31 October 2017 is given over:-

5.1.1 Single Carriageway Closure

Reason	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational	621	201	3.09
Breakdown	89	9	9.89
Misc. Incidents	27	14	1.93
Road works TRBJB	0	0	0
Single Lane Closures	120	11	10.9
Road works Contractor Contra-flow	0	0	0
Police Incidents	162	22	7.36

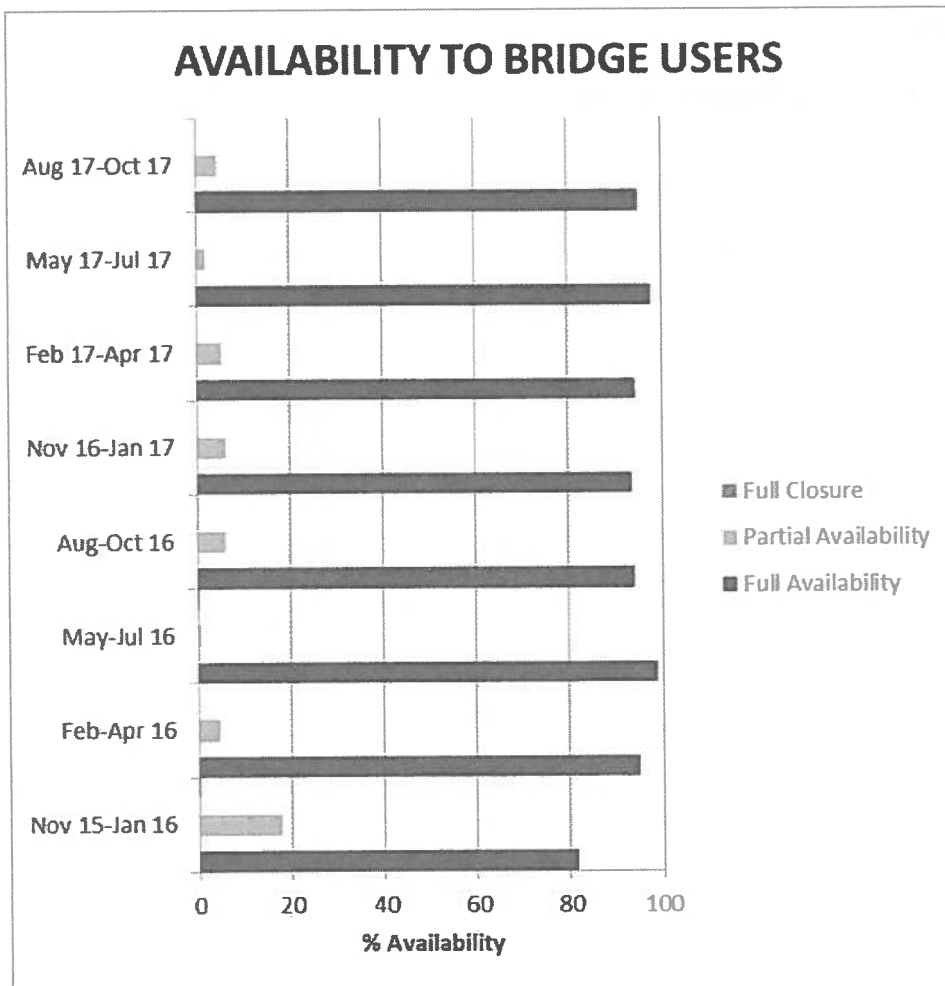
5.1.2 Full Bridge Closure

Reason	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational (Night Closures)	0	0	0
Police Incidents	231	8	28.9
Wind	0	0	0

5.1.3 High Winds/Weather Restrictions

Traffic Restricted	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Double Deck Buses	4848	13	372.9
High Sided	413	3	137.7
All traffic	0	0	0

5.1.4 Availability of Bridge



	Aug – Oct 16	Nov 16 – Jan 17	Feb-Apr 17	May – July 17	Aug – Oct 17
Full Availability	94.06	93.66	94.3	97.92	95.1
Partial Availability	5.9	6.33	5.6	2.04	4.7
Full Closure	0.04	0.01	0.1	0.04	0.2

Figure 1 – Comparison of Availability of Bridge to Users

Full availability in this quarter is comparable with the period between May and July 2017. Full closure is still very low at 0.2%. Partial availability has increased this quarter by 2.66% due to more wind restrictions when compared to the last quarter.

5.1.5 Summary of Bridge availability 1 August 2017 to 31 October 2017

Full availability (No restrictions)	95.1
Partial Availability (Some restrictions)	4.7
No Availability (Full Closure)	0.2

6 TRAFFIC COUNT DATA

6.1 Traffic Count Data from Dundee Ramps

ADDT – (Annual Average Daily Total)

	4 th Quarter 2016 (October – December 2016)	1 st Quarter 2017 (January – March 2017)	2 nd Quarter 2017 (April – June 2017)	3 rd Quarter 2017 (July – September)
Northbound to West	6276	6169	6350	6321
Northbound to East	6491	6465	7327	7471
Northbound Total	12767	12634	13677	13792
Southbound from West	5688	5588	5890	5966
Southbound from East	7210	6727	8016	8062
Southbound Total	12898	12752	13906	14028
Total	25665	25386	27583	27820

The average total number of vehicles crossing the bridge daily in the third quarter of 2017 is comparable to the second quarter of this year. Vehicle crossings are also in line with those recorded in the same quarter of 2016, with on average an additional 400 vehicle crossings noted between July to September 2017 compared with July to September 2016.

7 CONSULTATIONS

7.1 The Treasurer, Clerk and Engineer to the Board have been consulted in the preparation of this report and are in agreement with the content.

8 BACKGROUND PAPERS

8.1 None

**ALAN HUTCHISON
BRIDGE MANAGER
9 NOVEMBER 2017**

ITEM No ...4.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 DECEMBER 2017

REPORT ON: HEALTH & SAFETY MONITORING 2017

REPORT BY: THE BRIDGE MANAGER

REPORT NO: TRB 27 - 2017

1 PURPOSE OF REPORT

1.1 To appraise the Board Members of performance relating to Health & Safety in 2017.

2 RECOMMENDATIONS

The Board are asked to note the outcomes of the report and to agree to findings of the review in Item 5.4

3 FINANCIAL IMPLICATIONS

None

4 POLICY IMPLICATIONS

4.1 None.

5. COMMENTARY

5.1 General

In December 2009, the Board approved the corporate Health & Safety Policy Statement prepared by the Bridge Manager. In this document the Bridge Manager was given the remit to:-

- a) Review the document on an annual basis, or as necessary due to organisational or legislative changes
- b) Report to the Board annually on matters relating to Health & Safety matters

A copy of the Health & Safety Policy Statement is available on the Tay Road Bridge website at www.tayroadbridge.co.uk/board-business/board-documents

5.2 Significant Risks

The significant risks faced by Employees of the Tay Road Bridge Joint Board include:-

- Working at height
- Working on and/or over water
- Working adjacent to live traffic
- Working in exposed conditions and during periods of adverse weather
- Working in areas of difficult access
- Operating various items of machinery and plant

5.3 Staff Consultation

In addition to formal Health & Safety Committee meetings, Safety Representatives and appropriate members of staff are consulted at the early stages of preparation of Risk Assessments, Method Statements and Operational Procedures.

5.4 Review

The Bridge Manager has reviewed the Health & Safety Policy Statement and notes that changes to responsibilities are required to reflect the retirement of the previous Board Chair and Operations Officer, with responsibilities now falling to the Maintenance Manager and Bridge Manager. The H & S Policy document is available on line at <http://tayroadbridge.co.uk/board-business/board-documents>

5.5 Health & Safety Performance

Below is a table which contains information relating to accidents and near misses recorded during the year from January 1 to November 6 2017.

Accident Category	2012	2013	2014	2015	2016	2017
RIDDOR fatal accident	0	0	0	0	0	0
RIDDOR Major Injury	0	0	0	0	0	0
RIDDOR over 7 day injury	1	0	1	0	0	0
Lost Time Injury	3	0	1	0	1	0
Minor Injury	5	5	4	2	2	0
Near Misses	1	6	1	0	1	1
Slip, trip, fall on the level	2	0	0	0	0	0
Manual Handling	2	1	1	0	0	0
Other	1	0	4	0	0	0

All accidents and near misses are investigated and the causes/proposed mitigation measures are formally recorded.

5.6 Occupational Health Issues

There was no Occupational Health related issues.

5.7 Training

Health & Safety training has been held throughout the period to maintain staff awareness and competency.

6 CONSULTATIONS

6.1 The Treasurer, Clerk and Engineer to the Board have been consulted in the preparation of this report and are in agreement with the content.

7 BACKGROUND PAPERS

7.1 None

Alan Hutchison
Bridge Manager

16 November 2017

ITEM No ...5.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 DECEMBER 2017
REPORT ON: REVENUE MONITORING - 7 MONTHS TO 31 OCTOBER 2017
REPORT BY: THE TREASURER
REPORT NO: TRB 22-2017

1 PURPOSE OF REPORT

The purpose of this report is to appraise the Joint Board of the current monitoring position of it's 2017/2018 Revenue Budget.

2 RECOMMENDATIONS

It is recommended that the Joint Board note the content of this Revenue Monitoring Report as at 31 October 2017.

3 FINANCIAL IMPLICATIONS

3.1 The 2017/2018 Revenue Budget predicted a breakeven position (see Report 29-2016). The current outturn position for the financial year 2017/2018 is projecting a £40,000 underspend against the 2017/2018 Revenue Budget based on the financial information available at 31 October 2017.

3.2 Following the removal of tolls the Board's Revenue Expenditure is now financed by an annual Revenue Grant from Scottish Government.

Due to the fact that the Board's Revenue Expenditure is fully funded by grant any underspend achieved will result in unspent grant being carried forward, with the agreement of the Scottish Government, to fund future years' Revenue Expenditure. Underspends achieved in previous years have resulted in a Revenue Grant Balance carried forward into 2017/2018 of £1,096,343. This balance will be used to fund any overspend in the current financial year before any contributions are made from the General Fund Reserve Balance.

3.3 The projected underspend, if it materialised, would result in a projected Revenue Grant Balance carried forward of £1,136,343 at 31 March 2018. This level of Revenue Grant Balance carried forward is subject to negotiation with the Scottish Government. This would also result in an unchanged General Fund Reserve of £1,160,591 at 31 March 2018. This level of retained reserves is subject to negotiation with the Scottish Government.

3.4 An underspend of £6,000 is projected in relation to Administration Supplies and Services. This is due to a reduction in Insurance premiums.

3.5 An overspend of £16,000 is projected in relation to Operations Staff Costs. This is due to increased expenditure in relation to Training as additional sessions were required in order to ensure staff achieved the desired abilities to enable the implementation of the new vehicle recovery working practices.

3.6 An underspend of £23,000 is projected in relation to Plant and Equipment Supplies and Services. This is due to reductions of £8,000 in relation to CCTV equipment maintenance and £2,000 in relation to CCTV annual rental of digital equipment as these budgets have been superseded by the installation of the new CCTV system as well as underspends of £10,000 on Cathodic Protection equipment maintenance which will not be carried and £3,000 on Lift equipment maintenance.

- 3.7 An underspend of £2,000 is projected in relation to Plant and Equipment Transport Costs. This is due to a reduction in harbourage berthing fees which are no longer required.
- 3.8 An underspend of £3,000 is projected in relation to Plant and Equipment Third Party Payments. This is due to a reduction in professional fees in relation to inspections and reports on the Cathodic Protection system.
- 3.9 An overspend of £6,000 is projected in relation to Bridge Maintenance Staff Costs. This is due to increased expenditure in relation to Training as additional sessions were required in order to ensure staff achieved the desired abilities to enable the implementation of the new vehicle recovery working practices.
- 3.10 An underspend of £8,000 is projected in relation to Bridge Maintenance Property Costs. This is due to an expected saving on expenditure on the maintenance of the Fife Kiosk.
- 3.11 An underspend of £20,000 is projected in relation to Bridge Maintenance Third Party Payments. This is due to underspends of £10,000 in relation to external consultant Structural Inspections and £10,000 in relation to Miscellaneous Inspections and Reports.

4 **RISK ASSESSMENT**

In preparing the Board's Annual Revenue Budget (see Report TRB 9-2016), the Treasurer considered the key strategic, operational and financial risks faced by the Board over this period. In order to alleviate the impact these risks may have should they occur, a number of general risk mitigating factors are utilised by the Board. These include:

- a system of perpetual detailed monthly budget monitoring with latest positions reported to quarterly Board meetings;
- the level of General Fund Reserve balances available to meet any unforeseen expenditure;
- the level of other cash backed reserves available to meet any unforeseen expenditure;
- the possibility of identifying further budget savings and efficiencies during the year if required; and
- the possibility of identifying new income streams during the year.

5 **POLICY IMPLICATIONS**

None

6 **CONSULTATIONS**

The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

7 **BACKGROUND PAPERS**

None

GREGORY COLGAN
TREASURER

21 NOVEMBER 2017

TAY ROAD BRIDGE JOINT BOARD**REVENUE MONITORING AS AT 31 OCTOBER 2017**

	Revenue Budget 2017/18 £	Expenditure to 31 October 2017 £	Final Projection 2017/18 £	Variance from Budget £	Paragraph Reference
EXPENDITURE					
<u>Administration</u>					
Staff Costs	179,363	93,653	179,363	-	
Property Costs	31,400	16,515	31,400	-	
Supplies and Services	160,847	112,950	154,847	(6,000)	3.4
Transport Costs	975	317	975	-	
Third Party Payments	90,903	45,705	90,903	-	
	463,488	269,140	457,488	(6,000)	
<u>Operations</u>					
Staff	447,142	295,790	463,142	16,000	3.5
Supplies & Services	17,500	2,103	17,500	-	
	464,642	297,893	480,642	16,000	
<u>Plant and Equipment</u>					
Property	35,000	17,653	35,000	-	
Supplies & Services	207,165	124,644	184,165	(23,000)	3.6
Transport	35,900	17,495	33,900	(2,000)	3.7
Third Party Payments	19,250	601	16,250	(3,000)	3.8
	297,315	160,393	269,315	(28,000)	
<u>Bridge Maintenance</u>					
Staff	266,188	160,700	272,188	6,000	3.9
Property	27,500	(3,466)	19,500	(8,000)	3.10
Supplies & Services	61,550	22,886	61,550	-	
Transport	550	131	550	-	
Third Party Payments	42,750	3,331	22,750	(20,000)	3.11
	398,538	183,582	376,538	(22,000)	
GROSS EXPENDITURE	1,623,983	911,008	1,583,983	(40,000)	
INCOME					
Scottish Government Revenue Grant	1,700,000	991,667	1,700,000	-	
Interest on Revenue Balances	13,370	-	13,370	-	
Kiosk Rent	10,213	5,106	10,213	-	
Miscellaneous	400	400	400	-	
GROSS INCOME	1,723,983	997,173	1,723,983	-	
TOTAL NET REVENUE EXPENDITURE / (INCOME)	(100,000)	(86,165)	(140,000)	(40,000)	

CAPITAL FUNDED FROM CURRENT REVENUE (CFCR)

	Revenue Budget 2017/18 £	Expenditure to 31 October 2017 £	Final Projection 2017/18 £	Variance from Budget £	Paragraph Reference
Miscellaneous Projects	50,000	20,735	50,000	-	
Gantry Miscellaneous	25,000	-	25,000	-	
Paintwork to Box Girders	25,000	-	25,000	-	
TOTAL CFCR	100,000	20,735	100,000	-	
TOTAL NET DEFICIT / (SURPLUS) MET FROM GENERAL RESERVE BALANCES	-	(65,430)	(40,000)	(40,000)	

ITEM No ...6.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 4 DECEMBER 2017
 REPORT ON: CAPITAL MONITORING - 7 MONTHS TO 31 OCTOBER 2017
 REPORT BY: THE TREASURER
 REPORT NO: TRB 23-2017

1 PURPOSE OF REPORT

The purpose of this report is to appraise the Joint Board of the current monitoring position of it's 2017/2018 Capital Budget.

2 RECOMMENDATIONS

It is recommended that the Joint Board note the content of this Capital Monitoring Report as at 31 October 2017.

3 FINANCIAL IMPLICATIONS

The Joint Board's 2017/2018 Capital Expenditure Programme of £875,000 was approved by the Board on 5 December 2016 (Report TRB 30-2016). From 1 April 2008 the Board's Capital Expenditure projects are being financed through Scottish Government Capital Grant.

The capital outturn for the financial year 2017/2018 (as detailed in Table 1 on Appendix A) is projected to be £728,000 (i.e. a net decrease of £147,000 from the originally approved budget) based on the financial ledger information up to 31 October 2017 and this will be funded from 2017/2018 Capital Grant of £625,000, Capital Funded from Current Revenue of £100,000 and Capital Receipts of £3,000. This results in a projected Capital Grant carried forward into 2018/2019 of £1,425,000 (as detailed in Table 2 on Appendix A).

4 REASONS FOR CAPITAL EXPENDITURE NET DECREASE

The main reasons for the net decrease of £147,000 can be summarised as follows:

	£000
<u>Slippage from 2016/2017:</u>	
CP Monitoring Equipment	25
<u>Budget Adjustments:</u>	
New Vehicles	3
Advanced Warning Signs	25
Lift Replacement	150
New Switch Gear	250
<u>Slippage to 2018/2019:</u>	
CP Monitoring Equipment	(200)
Lift Replacement	(150)
New Switch Gear	(250)
Total Budget Adjustments	<u>(147)</u>

5 RISK ASSESSMENT

- 5.1 There are a number of risks which may have an impact on the Capital expenditure programme for 2017/2018. The main areas of risk are set out below, together with the mechanisms in place to help mitigate these risks.
- 5.2 Construction cost inflation levels are volatile, and they can on occasion be relatively high in comparison to general inflation. Therefore delays in scheduling and letting contracts may lead to increases in projected costs. Every effort will be made to ensure delays are avoided wherever possible and any increase in costs minimised.
- 5.3 Slippage in the Capital programme leads to the need to reschedule projects in the current year and possibly future years, therefore creating problems in delivering the programme on time. For this reason the programme is carefully monitored and any potential slippage is identified as soon as possible and any corrective action taken wherever possible.
- 5.4 Capital projects can be subject to unforeseen price increases. The nature of construction projects is such that additional unexpected costs can occur. Contingencies are built into the budget for each capital project and these are closely monitored throughout the project.
- 5.5 There is risk associated with projects that are not yet legally committed as the works are not yet tendered for, and there is potential for costs to be greater than the allowance contained within the Capital Plan. As the majority of spend on these projects is in future years, the risk in the current year is not significant. Future years' Capital programme will be adjusted to reflect updated cost estimates.
- 5.6 The Capital Monitoring report and the Engineer's report provide information on individual projects contained within the Capital Budget and the impact of expenditure movements on the future financial years.
- 5.7 The level of Capital Grant received from the Scottish Government may be impacted by budgetary constraints in future financial statements.

6 POLICY IMPLICATIONS

None

7 CONCLUSION

The Board's 2017/2018 capital programme is showing a projected capital spend of £728,000 which will be funded from Scottish Government grant, Capital Funded from Current Revenue and Capital Receipts.

The 2017/2018 capital expenditure programme will continue to be monitored on a regular basis throughout the remainder of the current financial year.

8 CONSULTATIONS

The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

9 BACKGROUND PAPERS

None

GREGORY COLGAN
TREASURER

21 NOVEMBER 2017

TAY ROAD BRIDGE JOINT BOARD

TABLE 1: CAPITAL EXPENDITURE MONITORING - 7 MONTHS TO 31 OCTOBER 2017

Expenditure	Capital Budget 2017/18 £000	Slippage from 2016/17 £000	Budget Adjust £000	Slippage into 2018/19 £000	Revised Capital Budget 2017/18 £000	Actual to 31 October 2017 £000	Projected Outturn 2017/18 £000	Variance from Budget £000
New Vehicles	140	-	3	-	143	143	143	-
Carriageway Resurfacing	25	-	-	-	25	-	25	-
CCTV	160	-	-	-	160	153	160	-
CP Monitoring Equipment	175	25	-	(200)	-	-	-	-
Advanced Warning Signs	150	-	25	-	175	-	175	-
Replacement of Expansion Joints	25	-	-	-	25	-	25	-
Bridge Office Refurbishment	100	-	-	-	100	-	100	-
Lift Replacement	-	-	150	(150)	-	-	-	-
New Switch Gear	-	-	250	(250)	-	-	-	-
Miscellaneous Projects (CFCR)	50	-	-	-	50	21	50	-
Gantry – Miscellaneous (CFCR)	25	-	-	-	25	-	25	-
Paintwork to Box Girders (CFCR)	25	-	-	-	25	-	25	-
Total Gross Expenditure	875	25	428	(600)	728	317	728	-
Funded by:	£000	£000	£000	£000	£000	£000	£000	£000
Capital Grant 2016/2017	500	-	250	(125)	625	438	625	-
Unapplied Capital Grant brought forward from Previous Years	275	25	175	(475)	-	-	-	-
Capital Funded from Current Revenue (CFCR)	100	-	-	-	100	-	100	-
Capital Receipt	-	-	3	-	3	3	3	-
Total Funding	875	25	428	(600)	728	441	728	-

TABLE 2: Unapplied Capital Grant Projected Carry Forward:

Unapplied Capital Grant Brought Forward	£000
Add: Capital Grant Received 2017/2018	1,300
Less: Capital Grant Utilised 2017/2018	750
Unapplied Capital Grant Carried Forward to 2018/2019	(625)
	1,425

ITEM No ...7.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 4 DECEMBER 2017

REPORT ON: REVENUE BUDGET 2018/2019 TO 2020/2021

JOINT REPORT BY: TREASURER AND BRIDGE MANAGER

REPORT NO: TRB 24-2017

1 PURPOSE OF REPORT

To appraise Board Members on the proposed Tay Road Bridge Revenue Budget for the financial years 2018/2019 to 2020/2021.

2 RECOMMENDATIONS

It is recommended that the Board approve the Revenue Budget for 2018/2019 and note the provisional Revenue Budget for 2019/2020 and 2020/2021.

3 FINANCIAL IMPLICATIONS

The Board's 2018/2019 Revenue Budget shows a budgeted surplus of £95,000 which is arrived at after assuming receipt of a Resource Grant from the Scottish Government of £1,700,000. It should be noted that from the estimated annual surplus of £95,000 the Board plan to incur £125,000 on minor improvement works (CFCR). The effect of the above expenditure would result in a Net Deficit of £30,000 for 2018/2019. The General Fund Reserve balance is projected to be £1,160,591 as at 31 March 2019.

4 REVENUE BUDGET 2018/2019 TO 2020/2021

- 4.1 The budget for staff costs includes a provision for the estimated pay award of 2% for each of the financial years 2018/2019 to 2020/2021. The budget also takes into consideration the effects of staff turnover whereby leavers who were employed at the top of their salary scales have been replaced by new starters who are employed at the lowest increment on the salary scale. It also takes into account the increased Scottish Living Wage.
- 4.2 The triennial actuarial valuation of the Tayside Pension Fund is currently being carried out and will take effect from 1 April 2018. The actuaries will publish their results in March 2018. The budget has assumed an unchanged employer's contribution rate of 17%.
- 4.3 No general inflationary increase on non-staff costs has been allowed for in the 2018/2019 Revenue Budget. A 1% general inflationary increase on non-staff costs have been allowed for in 2019/2020 and 2020/2021 and specific allowances have been made for anticipated increases or decreases in individual budgets.
- 4.4 The three yearly Revenue Budget has been prepared in accordance with previous years' budgets. A copy of the detailed Revenue Budget 2018/2019 to 2020/2021 is enclosed at Appendix A.
- 4.5 The Scottish Government's Comprehensive Budget announcement will be on 14 December 2017. Indicative discussions suggest that the level of funding will remain constant for 2018/2019. However there is no guarantee that this level of funding will be maintained in future years.

5 CAPITAL FUNDED FROM CURRENT REVENUE (CFCR)

- 5.1 Once the ongoing revenue expenditure has been met from the Scottish Government Resource Grant, then the Board may fund minor Capital works on the Bridge. The proposed minor improvement works to be funded in this manner are detailed in Appendix B.

6 RESERVES AND BALANCES

- 6.1 Section 12(1) of the Local Government in Scotland Act 2003 states that "It is the duty of a local authority to observe proper accounting practices". CIPFA have previously issued guidance on Local Authority Reserves and Balances (including updates in November 2008 and July 2014), and this guidance is considered to constitute proper accounting practice. The key requirements of the guidance, as they affect the Board, are two-fold:

- i the setting out of a clear protocol covering the purpose, utilisation, management, control and review of reserves and balances.
- ii the inclusion in the annual budget report of a statement on reserves and balances detailing the proposed strategy over the budget period, after taking into account the strategic, operational and financial risks facing the Board.

- 6.2 The Board agreed report TRB 25-2009 Guidance on Reserves and Balances on 14 December 2009. This report included a protocol for the operation of the Board's Reserves and Balances, thereby addressing the first key requirement detailed in paragraph 5.1 above. The proposed protocol includes the following element which in itself addresses the second key requirement detailed in paragraph 5.1 above:

In the Annual Budget report that is considered by the Board, the Treasurer shall include the following:

- i a note highlighting the estimated opening and closing General Reserve balances for the financial year ahead.
- ii a note advising as to the adequacy of the General Reserve balances over the budget period(s) under consideration, after taking into account the strategic, operational and financial risks facing the Board.
- iii a note reporting on the annual review of earmarked Reserves.

- 6.3 In accordance with the element of the proposed protocol that relates to the annual budget report, the following statements are made by the Treasurer:

- i The Board's Revenue Expenditure is fully funded by grant and any underspend achieved will result in unspent grant being carried forward, with the agreement of the Scottish Government, to fund future years' Revenue Expenditure. The underspend achieved in 2016/2017 and previous years resulted in a Revenue Grant Balance carried forward into 2017/2018 of £1,096,343. This balance will be used to fund any overspend in the current financial year before any contributions are made from the General Reserve Balance.

The 2017/2018 Revenue monitoring currently projects a £40,000 surplus.

Taking the above factors into account, the level of Revenue Grant Balance carried forward at 31 March 2018 is projected to be £1,136,073.

The Board's Audited Statement of Accounts 2016/2017 showed a General Reserve Balance of £1,160,591 at 31 March 2017.

The level of uncommitted General Reserve Balances at 31 March 2018 is estimated at £1,160,591. There are no further known expenditure commitments or additional income that would materially affect this projected balances figure.

- ii after taking into account the strategic, operational and financial risks facing the Board it is considered that the minimum level of uncommitted balances that the Board should maintain is £800,000 in order to provide a contingency against unexpected events and to also act as a working balance to minimise overdraft positions resulting from uneven cash flows.
- iii the Board's earmarked reserve (i.e. the Capital Grants Unapplied Reserve) has been reviewed and is considered to be adequate for its intended purpose.

7 RISK ASSESSMENT

7.1 In preparing the Board's Annual Revenue Budget the Treasurer considered the key strategic, operational and financial risks faced by the Board over this period.

7.2 The main risk factors considered were:

- the possibility of new cost pressures or responsibilities emerging during the course of the financial year.
- anticipated changes in service provision.
- the certainty of significant income streams.
- the inherent uncertainty surrounding matters such as interest rates and price inflation.
- the possibility of major items of unforeseen expenditure.
- the possibility of identifying further budget savings and efficiencies, if required.
- the adequacy of the Board's insurance arrangements.

7.3 In order to alleviate the impact these risks may have should they occur, a number of general risk mitigating factors are utilised by the Board. These include:

- a system of perpetual detailed monthly budget monitoring with latest positions reported to quarterly Board meetings.
- the level of General Reserve balances available to meet any unforeseen expenditure.
- the level of other cash backed reserves available to meet any unforeseen expenditure.
- the possibility of identifying further budget savings and efficiencies during the year if required.
- the possibility of identifying new income streams during the year.

8 POLICY IMPLICATIONS

None

9 CONSULTATIONS

The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

10 BACKGROUND PAPERS

None

GREGORY COLGAN
TREASURER

21 NOVEMBER 2017

REVENUE BUDGET 2018/2019 TO 2020/2021APPENDIX A

	2017/2018 Budget £	2017/2018 Projected £	2018/2019 Budget £	2019/2020 Budget £	2020/2021 Budget £
<u>Administration</u>					
Staff	179,363	179,363	182,331	197,978	189,697
Property	31,400	31,400	31,000	31,310	31,623
Supplies & Services	160,847	154,847	153,767	155,305	156,858
Transport	975	975	975	985	995
Third Party Payments	<u>90,903</u>	<u>90,903</u>	<u>91,453</u>	<u>92,367</u>	<u>93,291</u>
	463,488	457,488	459,526	477,945	472,464
<u>Operations</u>					
Staff	447,142	463,142	482,643	492,296	502,142
Supplies & Services	<u>17,500</u>	<u>17,500</u>	<u>15,700</u>	<u>15,857</u>	<u>16,016</u>
	464,642	480,642	498,343	508,153	518,158
<u>Plant & Equipment</u>					
Property	35,000	35,000	24,000	24,240	24,482
Supplies & Services	207,165	184,165	183,500	199,334	201,328
Transport	35,900	33,900	32,750	33,078	33,408
Third Party Payments	<u>19,250</u>	<u>16,250</u>	<u>21,250</u>	<u>21,463</u>	<u>21,678</u>
	297,315	269,315	261,500	278,115	280,896
<u>Bridge Maintenance</u>					
Staff	266,188	272,188	288,294	294,060	299,941
Property	27,500	19,500	38,000	38,380	38,764
Supplies & Services	61,550	61,550	59,050	59,641	60,237
Transport	550	550	550	556	561
Third Party Payments	<u>42,750</u>	<u>22,750</u>	<u>24,750</u>	<u>24,996</u>	<u>25,247</u>
	398,538	376,538	410,644	417,633	424,750
GROSS EXPENDITURE	1,623,983	1,583,983	1,630,013	1,681,846	1,696,268
<u>Income</u>					
Scottish Government Resource Grant	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Interest on Revenue Balances	13,370	13,370	14,400	14,800	15,000
Kiosk Rent	10,213	10,213	10,213	10,213	10,213
Miscellaneous	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>
GROSS INCOME	1,723,983	1,723,983	1,725,013	1,725,413	1,725,613
TOTAL NET REVENUE EXPENDITURE / (INCOME)	<u>(100,000)</u>	<u>(140,000)</u>	<u>(95,000)</u>	<u>(43,567)</u>	<u>(29,345)</u>

CAPITAL FUNDED FROM CURRENT REVENUE (CFCR)

	2017/2018 Budget £	2017/2018 Projected £	2018/2019 Budget £	2019/2020 Budget £	2020/2021 Budget £
Miscellaneous Projects	50,000	50,000	50,000	100,000	100,000
Gantry Miscellaneous	25,000	25,000	25,000	25,000	25,000
Paintwork to Box Girders	25,000	25,000	50,000	25,000	25,000
TOTAL CFCR `	100,000	100,000	125,000	150,000	150,000
TOTAL NET DEFICIT / (SURPLUS) MET FROM GENERAL RESERVE BALANCES	---	(40,000)	30,000	106,433	120,655

ITEM No ...8.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 4 DECEMBER 2017

REPORT ON: CAPITAL PLAN 2018/2019 TO 2020/2021

REPORT BY: TREASURER

REPORT NO: TRB 25-2017

1 PURPOSE OF REPORT

The purpose of this report is to approve the Board's Capital Plan for the period 2018/2019 to 2020/2021 inclusive.

2 RECOMMENDATIONS

It is recommended that the Board approve the Capital Plan as detailed in Appendix A of this report subject to confirmation of grant funding by the Scottish Government.

3 FINANCIAL IMPLICATIONS

3.1 The Abolition of Bridge Tolls (Scotland) Act 2008 received Royal Assent on 24 January 2008. From 1 April 2008 the Board's annual capital expenditure programme has been financed through a Scottish Government Capital Grant.

3.2 The revised capital programme and agreed capital grant funding which are highlighted in Appendix A, show planned expenditure and income as follows:

<u>Financial Year</u>	<u>Capital Budget £000</u>	<u>Grant Funding £000</u>
2018/2019	1,080	750
2019/2020	1,555	tbc
2020/2021	4,700	tbc

3.3 The Bridge Manager and the Engineer to the Board have prepared the 3 year Capital Plan which is detailed in Appendix A of this report.

3.4 Appendix A also shows the agreed capital grant funding from the Scottish Government and the respective funding deficits in each financial year which will need to be the subject of further discussions with the Scottish Government.

4 RISK ASSESSMENT

4.1 There are a number of risks which may have an impact on the Capital Budget programme. The main areas of risk are set out below, together with the mechanisms in place to help mitigate these risks.

4.2 Construction cost inflation levels are volatile, and they can on occasion be relatively high in comparison to general inflation. Therefore delays in scheduling and letting contracts may lead to increases in projected costs. Every effort will be made to ensure delays are avoided wherever possible and any increase in costs minimised.

- 4.3 Slippage in the Capital programme leads to the need to reschedule projects in the current year and possibly future years, therefore creating problems in delivering the programme on time. For this reason the programme is carefully monitored and any potential slippage is identified as soon as possible and any corrective action taken wherever possible.
- 4.4 Capital projects can be subject to unforeseen price increases. The nature of construction projects is such that additional unexpected costs can occur. Contingencies are built into the budget for each capital project and these are closely monitored throughout the project.
- 4.5 There is risk associated with projects that are not yet legally committed as the works are not yet tendered for, and there is potential for costs to be greater than the allowance contained within the Capital Plan. As the majority of spend on these projects is in future years, the risk in the current year is not significant. Future years' Capital programme will be adjusted to reflect updated cost estimates.
- 4.6 The Capital Monitoring report and the Engineer's report provide information on individual projects contained within the Capital Budget and the impact of expenditure movements on the future financial years.
- 4.7 The level of Capital Grant received from the Scottish Government may be impacted by budgetary constraints in future financial statements.

5 **POLICY IMPLICATIONS**

None

6 **CONSULTATIONS**

The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

7 **BACKGROUND PAPERS**

None

GREGORY COLGAN
TREASURER

21 NOVEMBER 2017

TAY ROAD BRIDGE JOINT BOARDPROPOSED CAPITAL EXPENDITURE PROGRAMME 2018/2019 - 2020/2021

	<u>Projected Outturn 2017/18 £000</u>	<u>2018/19 £000</u>	<u>2019/20 £000</u>	<u>2020/21 £000</u>
<u>Project Title</u>				
New Vehicles	143	-	30	-
Carriageway Resurfacing	25	50	200	3,600
CCTV	160	-	-	-
CP Monitoring Equipment	-	200	-	-
VMS	175	-	-	-
Weather Monitoring Equipment	-	30	-	-
Inspection of Columns and Piers	-	150	150	-
Replacement of Expansion Joints	25	25	25	750
Bridge Office Refurbishment	100	100	1,000	-
Lift Replacement	-	150	-	-
New Switch Gear	-	250	-	-
New Gantries	-	-	-	175
Scour Protection	-	-	-	25
Paintwork to Box Girders (CFCR)	25	50	25	25
Gantry – Miscellaneous (CFCR)	25	25	25	25
Miscellaneous Projects (CFCR)	<u>50</u>	<u>50</u>	<u>100</u>	<u>100</u>
	<u>728</u>	<u>1,080</u>	<u>1,555</u>	<u>4,700</u>
<u>Funded by</u>				
Capital Grant	625	750	tbc	tbc
Capital Grant carried forward from previous years	-	205	1,220	-
Capital Funded from Current Revenue (CFCR)	100	125	150	150
Capital Receipts	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>728</u>	<u>1,080</u>	<u>1,370</u>	<u>150</u>
Additional Capital Funding Required	<u>-</u>	<u>-</u>	<u>185</u>	<u>4,550</u>

