

# **STATEMENT OF CASE**

**By**

**FORTH ESTUARY TRANSPORT AUTHORITY**

**In relation to**

**PROPOSED TOLLS INCREASE**

**FOR THE FORTH ROAD BRIDGE**

## **1     Background to Tolls Increase**

- 1.1     The historical background to imposition of tolls on the Forth Road Bridge ("the Bridge") is summarised in the Report on the Public Local Inquiry into the tolls increase proposed in 1985, the decision letter being issued on 23 December 1985. Said decision letter and paragraphs 1.1 to 1.17 of the Report setting out the Historical Background and Subject Matter of the Inquiry are appended (Appendix 1). The full text of the Report will be lodged as a Document for the Public Inquiry.
- 1.2     At its meeting on 12 March 2004 the Board of the Forth Estuary Transport Authority ("FETA") resolved to seek an increase in tolls for vehicles of Class 2 (cars; goods vehicles and tractors having a maximum weight not exceeding 3.5 tonnes; buses constructed or adapted to carry no more than sixteen passengers) from 80p to £1.00. The toll for vehicles of this Class which are the subject of a valid composition arrangement with FETA was to be increased from 72p to 90p. The tolls for other classes of vehicles were unchanged.
- 1.3     The proposed toll increase was advertised on 19 March 2004 requiring any objections to be lodged with the Scottish Executive by 30 April 2004. Two objections were received within the appointed period, one of which was subsequently withdrawn. The remaining objection from Mr George Campbell, was dated 28 March 2004.
- 1.4     FETA responded to Mr Campbell's objections by way of a letter to the Scottish Executive dated 3 June 2004. Further information requested by Mr Campbell was provided to him in letters of 15 September 2004 and 27 September 2004.

## **2     Legislative Background**

2.1 The legislative background to the formation of the Forth Road Bridge Joint Board, construction of the Bridge itself and creation of FETA can be summarised as follows: -

2.1.1 **The Forth Road Bridge Order Confirmation Act, 1947** provided for the construction of the Bridge and established the Forth Road Bridge Joint Board. It provided powers to enable the compulsory purchase of the land, the building of the Bridge and its approaches and gave the Board powers to demand and recover tolls.

2.1.2 **The Forth Road Bridge Order Confirmation Act, 1958** provided for additional power to acquire additional lands and repealed the provisions of the 1947 Order in relation to the financing of the undertaking. The tolling period was specified as the 28<sup>th</sup> of May immediately following the expiration of 30 years from the opening of the bridge (4<sup>th</sup> September 1964). Revision of the tolls was to be by the making of an order by the Secretary of State. This could be following representation by the Joint Board, any of the Councils, by a representative group of traders or by a "proper person". The Secretary of State could also decide after consultation with the Joint Board to revise the tolls. Any such proposal to increase the tolls required to be advertised, allowing a period of forty-two days for objections. If not withdrawn the Secretary of State would cause a local inquiry to be held. A copy of the Act is appended (Appendix 2).

2.1.3 **The Forth Road Bridge (Toll Period) Extension Order 1993** extended the tolling period by three years to 28<sup>th</sup> May 1998 and provided the funding for the main tower upgrading.

2.1.4 **The Forth Road Bridge (Revision of Tolls) Order 1996** rationalised the toll classes with taxation classes.

2.1.5 **The Forth Road Bridge (Toll Period) Extension Order 1997** extended the toll period by a further five years to 28<sup>th</sup> May 2003.

2.1.6 **The Forth Road Bridge (Revision of Tolls) Order 1997 (September)** allowed for one-way tolling.

2.1.7 **The Forth Estuary Transport Authority Order 2002** ("the FETA Order") repealed much of the 1947 and 1958 Acts except for the provisions dealing with tolling. The FETA Order amended the Extension Order of 1997 by removing the reference to "5 years" and replacing it with "expiring on

31 March 2006". A copy of the Order is appended (Appendix 3).

Scottish Ministers dissolved the Forth Road Bridge Joint Board and created FETA using powers conferred by section 69(1) and (2) of the **Transport (Scotland) Act 2001**.

- 2.2 The FETA Order (article 7) imposes on a FETA a statutory duty as to management, maintenance and operation of the Bridge.

### 3 **Scope of Evidence**

- 3.1 Evidence will be led on the following matters: -

3.1.1 The generality of the history of the imposition of tolls on the Bridge and the legislative background referred to above.

3.1.2 Specifically the factors giving rise to the requirement for previous extensions to the tolling period with particular reference to: -

- (a) Revision to the wind loading code requiring strengthening of the main tower cross bracing.
- (b) Traffic loading substantially above the design assumptions made at the time of the design of the Bridge leading to the strengthening of the main towers at a cost of £11 million.
- (c) A risk assessment leading to the retro-fitting of ship impact pier defences at a cost of £8 million.
- (d) Maintenance requirements not envisaged at the time of design of the Bridge, including (1) replacement of the bridge suspended wires, (2) more frequent replacement of mastic asphalt surfacing required by the increase in weight of commercial vehicles and particularly the fitting on such vehicles of the "super single" high pressure tyre and (3) replacement of the access systems to the suspended spans, viaducts and main towers and the main cable access system.

3.1.3 The factors giving rise to the requirement for the present increase, in the context of FETA's long-term maintenance programme to the year 2017, with particular reference to the stripping and repainting of the suspension span stiffening truss at a cost of £65 million.

- 3.1.4 The Prudential Code for Capital Finance in Local Authorities which FETA are required by statute to follow, as referred to at paragraphs 3.11 to 3.17 of the Report on Budget 2004-2006, considered by FETA on 12 March 2004, a copy of which is appended (Appendix 4).
- 3.1.5 The Reserves Strategy as set out in said Budget Report (paragraphs 3.22 to 3.32 and Appendices) demonstrating the requirement to maintain an appropriate level of reserves to fund the capital programme and to meet unforeseen expenditure, the proposed increase being required to maintain such level of reserves, which would otherwise be diminished to an unacceptable extent inconsistent with prudent financial management. Specifically that current tolls would use up existing reserves by 2009 and result in an estimated financial deficit of £29 million by 2018 whilst a £1 toll would ensure that FETA can continue to fulfil its responsibilities for management, maintenance and operation of the Bridge as illustrated in appendices 3 and 4 to the Budget Report. The increase to £1 is necessary to enable FETA to prudently carry out its duties under Article 7 (1) of the FETA Order. Whilst there would also be some minor expenditure in exercise of the power under Article 7 (2), it is the requirement to fulfil the duties under Article 7 (1) which necessitates the increase.
- 3.1.6 The effect of the removal of tolls on the free movement of Northbound traffic onto the bridge and specifically the fact that it is the finite capacity of the Bridge which determines the free flow of the traffic onto the Bridge rather than the presence of the toll booths.

#### **4 Witnesses and Representation**

- 4.1 Evidence will be given by Alastair A.S. Andrew, General Manager and Bridgmaster on the background issues outlined above and the general requirement for the toll increase proposed and by a Finance Officer on detailed financial matters, with particular reference to the Budget Report appended hereto.
- 4.2 It is not envisaged that evidence in chief on behalf of FETA would take more than half a day.
- 4.3 FETA will be represented by Malcolm G. Thomson, QC

#### **5 Documents**

The documents appended hereto will be formally lodged at the appropriate time. As indicated, the full text of the Inquiry Report of 1986 will be lodged.

It is also anticipated that the Local Transport Strategy prepared on behalf of FETA in 2004, and its most recent Annual Report will be lodged. It would however be necessary to reserve the right to lodge further documentation as may be considered appropriate.



## SCOTTISH DEVELOPMENT DEPARTMENT

New St. Andrew's House, EDINBURGH, EH1 3SZ

Telephone: 031-556 8400, ext. or

The Clerk to the Forth Road Bridge  
Joint Board  
Lothian Region Headquarters  
George IV Bridge  
EDINBURGH  
EH1 1UP

LOTHIAN REGIONAL SECRETARYS DEPARTMENT	
FILE	
23 DEC 1985	
REC	YH

FORTH ROAD BRIDGE	
DATE RECD 06 DEC 1986	
FILE	ASWD.

23 December 1985

Dear Sir

## FORTH ROAD BRIDGE TOLLS

1. A public local inquiry was held on 26 June to 28 June 1985 by Mr A J Hunt OBE FRICS MRTPI in connection with the proposal by the Secretary of State to make an order revising tolls levied on the Forth Road Bridge. I enclose a copy of the Report dated 9 October 1985 submitted by Mr Hunt. The Secretary of State has given careful consideration to the Report and in particular to the objections lodged by the Forth Road Bridge Joint Board, the Fife and Lothian Regional Councils, representatives of transport and other organisations and individual objectors summarised in sections 3, 4, 5 and 6 of Part I of the Report.
2. The Reporter's remit was to hold a public local inquiry and to report with respect to the proposal to make an order under section 44 of the Forth Road Bridge Order Confirmation Act 1958 increasing the tolls levied on the Forth Road Bridge, against which proposal objections had been lodged and not withdrawn. The Reporter intimated in advance of the Inquiry his intention to exclude as being beyond his terms of reference evidence directed at the case for abolition of tolls. A number of objectors did nevertheless make clear their continued opposition to the imposition of tolls and made reference to the evidence advanced at the previous 1981 Inquiry. The Reporter has noted these objections in sections 3, 4, 5 and 6 of Part I of the Report and the Secretary of State has noted these views and has considered again the relevant evidence led in 1981.
3. I now write to inform you of the decisions the Secretary of State has taken.
4. The Secretary of State accepts generally the Reporter's findings of fact (section 7 of the Report). However, so far as the assumptions as to future inflation rates and annual traffic growth rates are concerned, it should be noted that the Secretary of State in agreeing with the Reporter's finding of fact at paragraph 7.15 that "the agreed financial forecasts are acceptable as a basis for consideration of the remaining issues", does not accept the Reporter's reasoning at paragraph 7.9 to 7.14 but has relied instead on the agreed assumptions found by the Reporter at paragraph 7.6. The Reporter's statement at paragraph 7.18 does not properly reflect the Secretary of State's statutory powers and obligations in relation to trunking of roads; the questions of the status of the approach roads and of the Secretary of State's statutory powers in relation to trunking are dealt with at paragraph 11 below. The statements at paragraphs 7.22 and 7.23 on the Government's policy on tolls are incomplete, in the light both of evidence led at the Inquiry that the approach roads were necessary for the efficient use of the bridge, and also of the fact that the Board's financial obligations in relation to that part of the debt arise from the legislation.

5. The Reporter recommends (paragraph 9.1) that "..... it would be right to initiate a review of the existing financial responsibilities resting on the Forth Road Bridge Joint Board with the object of relieving the Joint Board of that part of the outstanding debt that may be attributed to the cost of construction of the approach roads".

6. Alternatively in the event that this recommendation is not accepted the Reporter recommends (paragraph 9.2) "..... that the Secretary of State should now acquiesce in an extension of the first 30 year repayment period as specified in the 1958 Act that would enable bridge tolls to be held at their present general level, and that should secure repayment of the outstanding debt by about the financial year 2002/3, that is by about year 38". In the event of either of these two recommendations being accepted and therefore the present tolls schedule being retained the Reporter recommends (paragraph 9.3) "..... the implementation of a concessionary scheme for regular car and small goods vehicles etc users .....".

7. In the event that neither of the first two recommendations is accepted the Reporter recommends (paragraph 9.4) "..... that the proposed revision of the tolls schedule as set out in preceding paragraph 1.17 should be adopted as representing no greater increase in tolls than appears reasonably necessary in order to secure strict compliance with the relevant provisions of the 1958 Act, and as representing a reasonable balance between the tolls charges for differing categories of vehicle".

8. Finally and irrespective of which of the 3 foregoing recommendations is accepted the Reporter recommends (paragraph 9.5) that "..... the financial consequences of the 10% concessionary scheme for cars, small goods vehicles etc should be monitored in order to determine the scope that may exist for increasing the regular user discount available for this category of bridge user".

9. The Secretary of State has considered carefully the Reporter's first recommendation concerning the reallocation of the costs of the approach roads. He has noted the Reporter's findings of fact at paragraphs 7.16 to 7.26 of the Report and in particular has considered in detail the Reporter's conclusions at paragraphs 8.4 to 8.17. The Secretary of State does not accept that the financial outcome of the 1956 agreement which led to the promotion by the local authorities of the 1958 Act was seriously lacking in equity (paragraph 8.12) either in terms of the agreed sharing of the total cost of the undertaking between the local authorities and central government or with respect to the items of expenditure included in that overall cost. The Secretary of State feels unable to conclude from any evidence presented at the Inquiry that the agreement reached in 1956 was not entered into freely by all parties in the full knowledge of the financial responsibility arising for each of them.

10. The Secretary of State has given particular consideration to the Reporter's conclusion that the approach roads should not have been included in the cost of the bridge (paragraphs 8.7 to 8.10). He considers however that these roads were a necessary part of the bridge undertaking in that they were required for efficient access to and from the bridge and that without the proposal to build the bridge there would have been no need to construct the roads: this last point is in his view the crucial test. The Secretary of State has therefore concluded that the inclusion of the cost of these works with the cost of the bridge in the 1956 agreement was reasonable.

11. Turning now to the Reporter's conclusion that the approach roads and the bridge should have been classified as trunk roads, and in any case should now be so classified by virtue of the type of traffic which now uses the bridge (paragraphs 8.8 and 8.9), the Secretary of State considers that all roads, whether promoted by central or local government, will once constructed form part of the national road network and will be used freely by all categories of traffic, according to convenience. The Secretary of State is not persuaded, having regard to the terms of Section 5(2) of the Roads (Scotland) Act 1984, that classification of these roads now as trunk roads would serve significantly the purposes either of extending, improving or reorganising the system

of routes for through traffic in Scotland. The question is in any event irrelevant to consideration of the capital debt of the Joint Board since designation of an existing road as a trunk road does not give rise to any retrospective contribution by Government to the original costs of construction.

12. The Secretary of State considers that the overall financial arrangements entered into in 1956 and which formed the basis of the legislation promoted by the local authorities in 1958 still represent a reasonable arrangement which should not be disturbed. He therefore does not accept the Reporter's first recommendation set out in paragraph 9.1 of the Report.

13. In considering the Reporter's second recommendation, that the statutory repayment period should now be extended beyond the 30 year period set in the 1958 Act, the Secretary of State has taken full account of the evidence presented at the Inquiry and has considered in detail the Reporter's findings of fact (paragraphs 7.27 to 7.35) and conclusions (paragraphs 8.18 to 8.32). In particular, he has noted the comparisons made with financial arrangements at other tolled estuarial crossings. He cannot however see how these are relevant to the present case, each arrangement having been made in relation to the particular circumstances of the crossings concerned. In the case of the Forth Road Bridge the Secretary of State takes the clear view that the Board is required to make best endeavours to repay the debt in 30 years. He considers that it is premature and in any case unnecessary to consider now use of the provision at section 31 of the 1958 Act.

14. He has considered very carefully the Reporter's conclusions concerning the effect of a tolls increase on the Fife economy (paragraphs 8.25 to 8.28). He particularly notes the Reporter's view that the proposed increase cannot be regarded as exorbitant in money terms (paragraph 8.26). The Secretary of State estimates that the effects of the proposed tolls increase on the total operating costs of commerce and industry in the Fife area would be very marginal and taking into account the overall benefits accorded to these industries by the existence of the bridge in the first instance he considers it reasonable to expect the bridge users to continue to pay for the crossing rather than for this cost to be borne by the generality of taxpayers or local ratepayers.

15. The Secretary of State therefore rejects the Reporter's second recommendation set out in paragraph 9.2 that the statutory repayment period now be extended by 8 years to enable tolls to be held at their present general level.

16. The Reporter goes on to recommend (paragraph 9.4) that if the financial responsibilities resting on the Forth Road Bridge Joint Board are to remain unchanged and the Joint Board are required to repay the outstanding capital debt by 1994, then the proposed revised tolls schedule set out in paragraph 1.17 of the Report should be adopted, this being no more than adequate to secure repayment of the outstanding debt by the end of the statutory repayment period and one which strikes a reasonable balance between the various categories of vehicles which use the bridge (paragraph 8.34). The Secretary of State accepts this recommendation.

17. The Secretary of State is conscious that many of the bridge's users will find this conclusion disappointing. He would however like to point out that the present level of debt arises precisely because of past failures by the Joint Board to increase tolls in good time: had this been done significant costs of financing new debt could have been avoided, and toll levels now might not have needed to be so high. However that may be, the Secretary of State considers that the best long term interest of users now lies in extinguishing the debt within the required period; and he endorses the Reporter's conclusion that the present new proposals should be adequate for that purpose without imposing significant extra burden on users or on the local economy.

18. The Secretary of State notes the Reporter's conclusion at paragraph 8.35 and 8.36 concerning the benefits of extending the proposed concession scheme for cars and small goods vehicles and also his recommendation at paragraph 9.5 that the financial

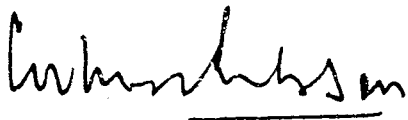


consequences of the proposed 10% concession scheme for that category of vehicle be monitored in order to determine the scope for such an extension to the scheme. The Secretary of State will expect the Joint Board to undertake such a monitoring exercise.

19. Accordingly the Secretary of State intends to make an order under section 44 of the Forth Road Bridge Order Confirmation Act 1958 increasing the tolls as proposed by him referred to in paragraph 1.17 of the Report and repeated in the annex to this letter. The text of the order will be discussed with the Joint Board.

20. A copy of this letter is being sent to every objector and a copy of the Report to each of these objectors who appeared at the Inquiry.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Godfrey Robson', written over a horizontal line.

GODFREY ROBSON

## ANNEX

Category of Vehicle		Revised Toll
Motor bicycles etc		Nil
Cars, small goods vehicles etc	Standard rate	40p
	Concessionary rate	36p
Scheduled buses		70p
Heavy goods vehicles	Standard rate	£1
	Concessionary rate	65p
Escorted vehicles		£13
Disabled persons' vehicles		Exempt

FORTH ROAD BRIDGE ORDER CONFIRMATION ACT 1958  
LOCAL GOVERNMENT (SCOTLAND) ACT 1973

REPORT OF INQUIRY INTO  
OBJECTIONS LODGED AGAINST  
PROPOSAL TO INCREASE TOLLS ON THE FORTH ROAD BRIDGE

Reporter: A J Hunt OBE FRICS MRTPI

Dates of Inquiry: 26-28 June 1985

File No: R/FB/71/3/4

Inquiry Reporters Unit  
16 Waterloo Place  
Edinburgh EH1 3DN

The Rt Hon George Younger MP  
Secretary of State for Scotland  
New St Andrew's House  
Edinburgh

9 October 1985

Sir

I have the honour to report that, in accordance with my minute of appointment dated 3 June 1985, I conducted a public local inquiry commencing 26 June 1985, within the Lothian Regional Chambers, Parliament Square West, Edinburgh, in connection with the proposal to make an order under section 44 of the Forth Road Bridge Order Confirmation Act 1958 increasing the tolls levied on the Forth Road Bridge, against which proposal objections had been lodged and not withdrawn. In my procedure letter circulated to the parties in advance of the inquiry, I intimated that I would exclude evidence directed at the case for abolition of tolls as being outwith my terms of reference.

Having conducted the previous public local inquiry concerning toll charges on the Forth Road Bridge in November/December 1981, I was aware of the characteristics of the bridge and its associated road network and, with the consent of the parties, I undertook an unaccompanied inspection of these features and of the toll collection arrangements, following the conclusion of the inquiry proceedings. The parties to the inquiry have been afforded an opportunity of commenting on Part I of this report at the draft stage. The productions lodged are as listed in Appendix I.

#### APPEARANCES

For the Secretary of State for Scotland

Mr Charles McFarlane, Advocate

Witness:-

Mr Godfrey Robson, Assistant Secretary, Scottish Development  
Department

## OBJECTORS

### For the Forth Road Bridge Joint Board

Mr D Bruce Weir QC and Mr James Drummond Young, Advocate

#### Witnesses:

Councillor M J Coyne, Chairman of the Forth Road Bridge Joint Board

Mr A E M Douglas, CA IPFA, Depute Director of Finance of Lothian Regional Council and Depute Treasurer of the Forth Road Bridge Joint Board

During the course of the inquiry, Mr Weir intimated that the Lothian Regional Council wished to be associated with and support the objections submitted by the Forth Road Bridge Joint Board.

### For the Fife Regional Council and Associated Objectors

Lord Morton of Shuna QC

#### Witnesses:

Councillor R K L Gough JP, Convener, Fife Regional Council

Mr John Rowson BSc CEng FICE FIHT, Director of Engineering

Professor Donald Mackay MA, Chairman PEIDA, Planning and Economic Consultants

Mr William Taylor, Director of Economic Development and Planning

### Other Witnesses Associated with Fife Regional Council

Councillor D A Barrie MA JP, Chairman, North East Fife District Council

Councillor Robert King JP, Convener, Kirkcaldy District Council

Councillor M Judge JP, Chairman of the Planning Committee, Dunfermline District Council

Mr W I Knox, Deputy Chairman, Glenrothes and District Industrial Consultative Committee

Dr Gordon Brown MP, Member of Parliament for Dunfermline East

Mr Dick Douglas MP, Member of Parliament for Dunfermline West

Mr Barry Henderson MP, Member of Parliament for North East Fife

### Other Objectors

Mr Jim Sillars appeared to represent the views of the Dunfermline East and Granton/Trinity branches of the Scottish National Party  
Mr D Tullis of Lindsays WS, 11 Atholl Crescent, Edinburgh, appeared on behalf of the Royal Automobile Club and the Royal Scottish Automobile Club

Mr K Griffiths appeared to represent the views of the Dunfermline West Conservative Association

### PART I

#### HISTORICAL BACKGROUND AND SUBJECT MATTER OF THE PRESENT INQUIRY

1.1 The material that follows comprises an updated history of the Forth Road Bridge as background to the proposals that are the subject matter of the present inquiry. The material is derived:-

- i. from evidence adduced at this inquiry and,
- ii. from Findings in Fact Nos 1-88 at pages 11-35 of the 1969 inquiry report, and from Findings of Fact Nos 1-23 at pages 63 and 64 of the 1981 inquiry report.

1.2 The first relevant statute was the Forth Road Bridge Order Confirmation Act 1947. It provided, inter alia, for the establishment of the Forth Road Bridge Joint Board comprising representatives of the Edinburgh, Midlothian, West Lothian, Fife, Dunfermline and Kirkcaldy local authorities.

1.3 Estimates of cost in the 1947 Act were:-

Purchase of land and servitudes	£125,000
Works	<u>£6,075,000</u>
Total	<u>£6,200,000</u>

The works included the bridge itself and roughly three quarters of the present approach roads.

1.4 In essence, the 1947 Act provided that a government grant would be available amounting to 75% of the cost of approved works.

Factually, 75% of the estimated cost of £6,200,000 amounts to £4,650,000. In section 71 of the Act, the contribution by the local authorities was fixed at £500,000. Thus, the remainder to be raised by loan amounted to £1,050,000, or some 17% of the estimated total cost of the bridge and works. The preamble to the 1947 Act expressly envisaged tolls. Section 61, since repealed, provided that the power to take tolls should cease 30 financial years following the opening of the bridge.

1.5 The works contemplated in the Act of 1947 were Nos 1-10 as detailed in section 13 of Part IV of that Act. Of these, work No 3 comprised the bridge. The Forth Road Bridge Order Confirmation Act 1950 provided for works 11-14 estimated, with cost of land purchase, at £110,000. These works comprised relatively minor approach road works in the vicinity of South Queensferry, and the magnitude of the 1947 estimates was not materially affected by this Act, nor by a later short Act in 1954.

1.6 Following the Act of 1947, little real progress ensued until the responsibilities of the Ministry of Transport were vested in the Secretary of State for Scotland in 1955. In 1956, by letters dated 29 and 30 October, a basis of agreement was reached between the Secretary of State and the Joint Board concerning arrangements which might be made for financing the construction of the bridge and its ancillary works in view of the substantial increase in costs since the enactment of the Order of 1947.

1.7 By 1956, the estimated cost of the works had risen to £13.8m comprising bridge structure £10.2m, north approach roads £2.4m and south approach roads £1.2m. On 29 January 1957, the Scottish Home Department intimated to the Joint Board that the scheme could proceed at an estimated cost of £14.3m. The extra £500,000 over £13.8m related to professional fees and other miscellaneous items. The October 1956 agreement between the Secretary of State and the Joint Board formed the basis of the Forth Road Bridge Order Confirmation

Act 1958, which came into force on 20 February 1958. The first pile of the bridge was driven on 21 November 1958.

1.8 The main financial aspects of the agreement of October 1956, as later expressed in statutory form in the Act of 1958, are as follows:-

1. that the contributions of the constituent authorities and of the Government to the capital cost of the bridge should be limited to the sums of £500,000 and £4.65m respectively referred to in the preamble to the 1947 Act, and that the remaining part of the cost should be met from tolls;
2. the balance required to meet the whole amount of the initial capital expenditure would be provided by the Secretary of State to the Joint Board as a loan, such loan to be free of interest until the opening of the bridge;
3. the period for the repayment of the loan should be 30 years in the first instance, with provision allowing the reborrowing of any capital sums outstanding at the end of the 30 years for a further period not exceeding 30 years;
4. that a schedule of tolls should be fixed before the opening of the bridge after consideration by the Secretary of State and the Joint Board, and the Secretary of State would retain full power to vary the rates of tolls and the length of period for which they are payable, having regard to the outgoings; and
5. that tolls should not be taken off until suitable provision is made for the continued maintenance of the bridge.

1.9 In the exchange of letters dated 29 and 30 October 1956 between the Scottish Home Department and the Joint Board, reference is made to the suggestion that the bridge and its approaches should be classified as a trunk road. Whilst no comment is offered upon the intrinsic merits of that suggestion in the SHD letter of 29 October 1956, the second paragraph of that letter infers that the suggestion should not be proceeded with in view of the substantial re-casting of the Order of 1947 that would be required. The response of the Joint



Board to this suggestion is contained in the third and fourth paragraphs of their letter of 30 October 1956. Although there may be some difficulty in establishing the precise import of these 2 paragraphs, it does appear that SHD and the Joint Board were not wholly of one mind concerning the question of the trunking of the bridge and its approach roads.

1.10 The increase in estimated costs from £6.2m in 1947 to £13.8m in 1956 and to £14.3m at the time of the SHD letter in 1957 is accounted for only to a minor extent by additional road works. The additional road works, being those detailed in the 1950 Act and works 15 and 16 under the 1958 Act, together account for only £0.327m. The remaining increase in the estimates between 1947 and 1957 was almost wholly attributable to cost inflation.

1.11 Between 1947 and 1958, the amount of the loan that would be required had risen from £1.05m to £9.15m. The 1947 Act provision of assistance of 75% of estimated costs had by 1958 shrunk to 32%, or 39% of estimated costs if some £1.66m of waived interest is taken into account. However, by the date of opening of the bridge in 1964, the actual cost of this structure and its associated works had risen to £19.44m, comprising £12.49m for the bridge and professional fees, £3.38m for the north approach roads, £2.28m for the south approach roads and £1.2m for miscellaneous works including the administrative building, toll plaza etc.

1.12 Whilst the actual cost of the bridge itself was some 22% above the 1956 estimate, the cost of the approach roads was some 57% above that estimate. This was largely due to additional works authorised after 1956 including works 15 and 16 at North Queensferry, works 17 and 18 under the 1961 Act, and also the major new addition of the Cramond to Dolphington section of the south approach which, alone, accounted for £0.85m of the additional costs.

1.13 Accordingly, the amount of the loan required which was anticipated as £1.05m in 1947 and £9.15m in 1956, ultimately amounted to some £14.29m following the completion of the project.

1.14 On 30 March 1961, the Joint Board instructed 2 firms of consultants to prepare a joint report on the likely volume and make-up of traffic likely to use the bridge, the method of collection of tolls and the suggested rate of tolls. The report by these consultants was duly made in April 1962. The Joint Board did not accept the recommendation or, at any rate, did not act on it. Early in 1962, the Joint Board asked the Secretary of State if tolls could be abolished and, by letter dated 7 February 1962, this request was rejected. Following further correspondence between the Joint Board and the Secretary of State concerning financial aspects, the Joint Board decided on 7 October 1963 to submit for approval a toll schedule based on a flat rate of 2/6d. per vehicle. Following an exchange of correspondence with the Board, the Secretary of State announced in a Parliamentary Written Answer on 26 March 1964, that he had approved the flat rate of 2/6d. submitted by the Board. It was made clear that the 2/6d. was an interim figure which might not necessarily be permanent.

1.15 From 1966 onwards, much consideration was given to the question of an appropriate toll structure. However, it seems that agreement was not possible and, by letter dated 1 October 1968, the Board was advised that the Secretary of State was disposed to make an Order fixing a new proposed scale of tolls. On 1 November 1968, the Board replied stating that they had unanimously resolved not to approve the proposed revised toll schedule. Following a public local inquiry held in March 1969, Mr David Anderson QC submitted his report on 6 June 1969. The decision letter relating to the inquiry was issued on 18 July 1969 and, this preceded the making of the Forth Road Bridge Tolls Order 1969 which established the tolls that remained in force until 1982.

1.16 At the end of the 1980/81 financial year, the loan outstanding amounted to £18,700,385. In an exchange of correspondence in December 1980, the Joint Board was advised that the Secretary of State had in mind to make an Order revising the present toll structure and the Joint Board intimated that they did not agree with the proposed toll charges in any way, and took the view that tolls on the Forth Road Bridge should not be revised. Following a public local inquiry into objections to the revised toll charges held from 30 November to 3 December 1981, the decision of the Secretary of State was conveyed by letter dated 7 June 1982.

1.17 Notwithstanding the toll increases that followed upon the decision of 7 June 1982, the Scottish Development Department expressed concern by letter dated 9 November 1984 that the outstanding debt might not be repaid within the first statutory 30 year period expiring in 1994. Following further correspondence, the Scottish Development Department gave notice to the Joint Board of the intention of the Secretary of State to make an Order revising tolls on the Forth Road Bridge as follows:-

<u>Category of Vehicle</u>	<u>Revised Toll</u>
Motor bicycles etc	Nil
Cars, small goods vehicles etc	Standard Rate 40p Concessionary Rate 36p
Scheduled buses	70p
Heavy vehicles	Standard Rate £1 Concessionary Rate 65p
Escorted vehicles	£13
Disabled persons vehicles	Exempt

The public notice announcing the Secretary of State's proposals for these increased tolls on the Forth Road Bridge was published in 7 newspapers on 26 April 1985.



## Forth Estuary Transport Authority

### Budget 2004-2006

12th March 2004

#### 1 Purpose of report

- 1.1 The purpose of this report is to present to the Authority a two year capital and revenue budget for 2004/05 and 2005/06 and an indicative capital expenditure financial plan to the year 2017/18. The report recommends the introduction of a £1 toll for class 2 vehicles with effect from 1st October 2004.

#### 2 Background

- 2.1 The proposed budgets for 2004/05 and 2005/06 have been prepared in consultation with the General Manager and are submitted for consideration and approval by the Authority.
- 2.2 The report deals with the proposed recurring and non-recurring expenditure and income for 2004/05 and 2005/06 and includes a capital expenditure financial plan, together with commentary, to the year 2017/18.
- 2.3 The Transport (Scotland) Act 2001 gives powers to local traffic authorities to introduce Road User Charging Schemes where this can assist to achieve the objectives in an authority's Local Transport Strategy. FETA will require to agree a Local Transport Strategy and determine associated transport improvements which are to be progressed. It is estimated that a road user charge cannot be implemented by FETA until early 2006. Given uncertainty surrounding the financial implications of the authority's Local Transport Strategy and Road User Charging Scheme it is not considered appropriate to set an indicative budget for 2006/07 at this time.

#### 3 Main report

##### Recurring (Revenue) Expenditure

##### 2004/05

- 1.1 The budgetary provision for recurring expenditure represents all costs of administration, day-to-day maintenance, traffic operation and toll collection. The proposed base budget for 2004/05 is **£4.622m**, an increase of £0.336m (7.84%) from the 2003/04 budgeted position of £4.286m.
- 2 The additional budgetary provision for revenue expenditure is required for:
  - i) Employee costs - increase of £0.197m: This is mainly due to a 3% pay award amounting to £0.091m; increases in employers' superannuation contributions and new members admitted to the scheme totalling £0.066m; public holiday enhancements and re-gradings amounting to £0.047m.

- ii) Administration - buildings and other costs - increase of £0.095m: This is mainly due to increases in insurance costs of £0.072m; water charges £0.013m; and training requirements £0.015m.
- iii) Maintenance of Bridges, Buildings, etc - other costs - increase of £0.023m: This is mainly due to increases in operational equipment and materials.
- iv) Traffic Operations - communications, weather emergency and other costs - increase of £0.003m: This is mainly due to operational equipment repairs.
- v) Toll Collection - other costs - increase of £0.018m: This is mainly due to increased voucher printing costs.

3.3 Recurring expenditure is shown in Appendix 1 of this report.

#### **2005/06**

3.4 The base budget for 2004/05 has been prepared in significant detail. However, the base budget for 2005/06 has been prepared at a more summarised level. Budgetary adjustments have been allowed for pay awards, superannuation increases, general inflation, toll income and interest receivable.

3.5 The indicative revenue budget for 2005/06 is **£4.806m**, an increase of £0.184m (3.98%) over the proposed revenue budget for 2004/05.

### **Non-Recurring (Capital) Expenditure**

#### **2004/05**

3.6 The proposed budgetary provision for capital expenditure is shown in Appendix 1. Bridge and transportation schemes are shown separately and represent the funding requirements of the ongoing programme of capital works.

3.7 The proposed base budget for 2004/05 is **£9.990m** for bridge schemes, **£2.002m** for transportation schemes, and **£0.500m** for capital income. This totals **£11.492m**. Schemes include: the replacement of the toll equipment approved in September 2003, the resurface of the mainspan (southbound) approved in November 2003; tower painting and dropped objects canopy; toll plaza improvements; main cable internal inspection; administration block extension and the M9 Spur Extension/A8000 Upgrading.

#### **2005/06**

3.8 The proposed base budget for 2005/06 is **£6.172m** for bridge schemes and **£17.082m** for transportation schemes totalling **£23.254m**. Schemes include: the final phase of the replacement of the toll equipment; the replacement of the VMS system; the main cable car; the strengthening of cross girders and the M9 Spur Extension/A8000 Upgrading.

3.9 The capital plan includes an allowance of £0.800m towards the Rosyth Strategic Link Road (upgrading of Ferrytoll interchange). The Chief Executive presented a report on this Scheme to FETA in November 2003. At that time the Authority agreed to determine its contribution to the Scheme when considering the funding of transportation projects over the years 2004/05 and 2005/06.

3.10 Appendix 2 details the proposed capital plan to 2017/18.

**Prudential Code for Capital Finance in Local Authorities**

3.11 The Prudential Code for Capital Finance in Local Authorities has been developed by CIPFA, the Chartered Institute of Public Finance and Accountancy, as a professional code of practice to support local authorities in determining their programmes for capital investment in fixed assets. FETA is required under the terms of the Local Government in Scotland Act 2003 to have regard to the Prudential Code when determining its programme for capital investment.

3.12 The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable – or, in exceptional cases, to demonstrate that there is a danger of not ensuring this, so that the local authority concerned can take timely, remedial action.

3.13 Estimates of expenditure and income have been prepared to allow an assessment of the affordability of FETA's financial plan. Based on current tolls, it is estimated that the management, maintenance and operation of the Forth Road Bridge would not be affordable and would result in an estimated debt of £29m by 2018. This excludes any provision for a reserve to meet unexpected events or additional costs arising from FETA's local transport strategy. See Appendix 3.

3.14 It is anticipated that FETA will introduce a Road User Charging Scheme in January 2006. However, this cannot be guaranteed and it is assessed that remedial action is required by the Authority to ensure that its financial plans are affordable and that it can continue to fulfil its responsibilities for management, maintenance and operation of the Forth Road Bridge. It is therefore recommended that, as an interim measure pending development of a comprehensive Road User Charging scheme, the Authority agrees to make representation to Scottish Ministers regarding the introduction of a £1 toll for class 2 vehicles (£0.90 concessionary rate) from 1<sup>st</sup> October 2004. See Appendix 4.

3.15 Since the current tolls were introduced in March 1986, the retail price index has increased by over 80%. An indexed toll would currently therefore be around £1.45.

3.16 The capital plan includes £29.5m for the M9 spur extension/A8000 upgrading. As reported to the Authority in November 2003, a further review of the cost estimate for this scheme will be made when the detailed specimen design has been completed. Tender procedures are scheduled to commence in December 2004 with contract award anticipated in July 2005. On this basis FETA would be asked to enter into this significant financial commitment prior to approval of the Road User Charging Scheme. Discussions are ongoing with the Scottish Executive to ensure that this timing difficulty can be addressed prior to commencement of tender procedures. The outcome of discussions with the Scottish Executive on this matter will be reported to FETA prior to a decision to commit to tender procedures.

3.17 Close monitoring of the financial position will be undertaken to ensure that all commitments entered into by the Authority continue to be affordable and sustainable.

## Income

### 2004/05

- 3.18 The proposed base budget for 2004/05 is **£11.384m**, an increase of £1.053m (10.2%) from the 2003/04 budgeted provision of £10.330m. This is due to:
- i) An increase in toll income of £1.091m (11.2%). A projected increase in traffic volume is estimated to result in increased toll income of £0.237m (2.4%). An increase in tolls as indicated at paragraph 3.14 above would result in additional toll income of £1.048m (10.8%). In January 2004 the Authority approved the traffic management arrangements for the waterproofing and resurfacing of the Southbound Main and Side Spans'. This would take place during 2004/05 and it is estimated that the associated road closure would result in a loss of income of £0.194m (2.0%).
  - ii) A reduction in interest receivable from £0.550m to £0.500m to take account of balances held by the City of Edinburgh Council on behalf of the Authority and the incidence of expenditure on capital works. In addition, rents and miscellaneous income have increased by £0.012m.

- 3.19 Income for 2004/05 is shown in Appendix 1 of this report.

### 2005/06

- 3.20 The proposed base budget for 2005/06 is **£12.531m**, an increase of £1.147m (10.1%) from the 2004/05 budget provision of £11.384m. This is due to:

- i) An increase in toll income of £1.568m. A projected increase in traffic volume (2%) is estimated to result in increased toll income of £0.220m. The full year effect of the increase in tolls indicated in paragraph 3.14 above would result in additional toll income of £1.348m.
- ii) A reduction in interest receivable from £0.500m to £0.079m to reflect greater capital expenditure and lower balances held by the City of Edinburgh Council on behalf of FETA.

### Budgets 2004/05 - 2005/06

- 3.21 A summary of the two-year plan, showing budget movements between each year is shown in Appendix 5.

### Reserves Strategy

- 3.22 Cumulative reserves to 31st March 2004 are estimated to total £17.134m. This includes an estimated surplus for 2003/04 amounting to £0.580m, an increase of £1.555m from the budgeted deficit of £0.975m.
- 3.23 This is a result of a projected underspend on capital expenditure of £1.249m as a result of lower than anticipated expenditure on the A8000 Scheme, the Main Cable Car, Toll Registration Equipment, the Viaduct Gantries Contract and Toll Plaza Improvements. These underspendings have been offset by the settlement of the arbitration claim regarding the Hanger Replacement contract. In addition to these underspends, it is estimated that there will be a small underspend on recurring expenditure of £0.036m and greater income received totalling £0.270m, mainly toll income and interest receivable.

- 3.24 The proposed budget as submitted for 2004/05 results in a net expenditure of £4.731m. This, together with the estimated cumulative reserves to 31st March, 2004 totalling £17.134m results in a cumulative estimated reserve of £12.403m at 31st March 2005.
- 3.25 The indicative budget for 2005/06 results in net expenditure of £15.529m. The estimated net deficit at 31st March 2006 is £3.126m. Indicative reserves for 2004/05 and 2005/06 are shown in Appendix 5.
- 3.26 A separate report on the investment of surplus funds is included elsewhere on this agenda.
- 3.27 CIPFA issued revised professional guidance for local authorities on reserves and balances in February 2003. The guidance represents good financial management and should be followed for budget processes beginning on or after 1st April 2003.
- 3.28 It is the responsibility of the Treasurer to advise the Authority about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use.
- 3.29 Reserves can be held for three main purposes:
- i) a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing - this forms part of general reserves;
  - ii) a contingency to cushion the impact of unexpected events or emergencies - this also forms part of general reserves;
  - iii) a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities. Earmarked reserves include sums set aside for major schemes, insurance reserves and budget flexibility schemes.
- 3.30 A detailed risk analysis has been undertaken as part of the 2004-2006 budget process. This has identified a number of potential risks inherent in the budget process and these are summarised below. Not all of these risks, however, can be quantified.
- i) Pay awards - a 1% uplift in pay awards equates to an increase of £0.035m per annum.
  - ii) Costs of Single Status - there is a potential cost relating to the realignment of spinal points for all staff.
  - iii) Pension Costs - a 15% base points change arising from the actuarial review resulted in a budgetary increase of £0.028m. Although provision has been made in the 2004-2006 budget process, this may be subject to changes arising from the actuarial review in 2006/07.



iv) Resurfacing Works - Although provision has been made in the 2004-2006 budget process for loss of toll revenue for the duration of the works, this may be subject to changes should there be delays. This has been estimated to amount to £0.006m per day.

v) Estimation of contract costs - Much of the work on the Bridge is unique, therefore there may be differences between the estimated and actual cost for those contracts. Examples in the past include: strengthening works to towers estimated to cost £9.8m, actual cost £10.8m; provision of defences to the main tower piers estimated cost £7.5m actual cost £9.9m.

vi) It is difficult to predict future bridge maintenance requirements. For example new codes on structural assessment resulted in unforeseen strengthening works in 1991 and 1997 totalling £13.5m; consideration of a Ship Impact Risk Evaluation required the provision of pier defences costing £9.9m; and, following extensive testing of the hanger ropes, it was decided to replace all hangers including surfacing of northbound carriageway at a cost of £9.2m.

vii) Adverse weather conditions and unplanned road works would have a detrimental affect on toll income.

viii) The Scottish Executive may not allow future toll increases/road user charges thus inhibiting FETA's ability to maintain the bridge and develop appropriate transportation schemes.

3.31 Provision of an appropriate level of reserves is a fundamental part of prudent financial management. A level of balances would need to be maintained to allow the Authority to manage cash flow on capital expenditure, meet any emergency expenditure and allow the Authority to respond to any material change in circumstances or events.

3.32 The proposed budget for 2004/05 would result in a reserve of £12.403m. However, the extent of the capital programme currently indicates that the reserves would be in a deficit position of £3.126m by 2005/06. Establishment of an appropriate reserve will be addressed through discussions with the Scottish Executive and the Road User Charging Scheme.

## **4 Recommendations**

4.1 The Authority is recommended to:

- i) note the report and approve the 2004/05 proposed budget as submitted;
- ii) approve the indicative budget for 2005/06 as set out in Appendix 5 of this report subject to further dialogue with the Scottish Executive regarding the timing difficulties referred to at paragraph 3.16;
- iii) note the long term capital plan to 2017/18;

- iv) agree to make application to Scottish Ministers for the introduction of a revised schedule of tolls (see Appendix 6); this to incorporate a £1 toll for class 2 vehicles (£0.90 concessionary rate), with effect from 1st October 2004;
- v) agree a contribution of £0.800m towards the Rosyth Strategic Link Road.

**DONALD McGOUGAN**  
Treasurer

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**Appendices**

Appendix 1 - Proposed Budget 2004/05  
Appendix 2 - Capital Plan to 2017/18  
Appendix 3 - Financial Plan based on current tolls  
Appendix 4 - Financial Plan based on toll increase  
Appendix 5 - Two Year Plan  
Appendix 6 - Proposed Schedule of Tolls

**Contact/tel**

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**Background Papers**

Budget Papers held at the offices of the Treasurer

# FORTH ESTUARY TRANSPORT AUTHORITY

## BUDGET 2004/2005

Budget 2003/2004		EXPENDITURE	Budget 2004/2005	
£	£		£	£
498,105		<b>1 Administration</b>		
43,500		1.1 Employees - Pay etc	537,848	
529,650		1.2 Buildings	57,350	
	1,071,255	1.3 Other Costs	610,840	
				1,206,038
1,009,270		<b>2 Maintenance of Bridges, Buildings etc</b>		
73,700		2.1 Employees - Pay etc	1,021,426	
750		2.2 Carriageways	73,200	
500		2.3 Main Cables	2,250	
38,600		2.4 Hangers	500	
51,000		2.5 Main Towers	47,645	
5,500		2.6 Deck Structure	54,617	
13,100		2.7 Anchorages	8,200	
5,750		2.8 Viaducts and Side Towers	21,200	
450		2.9 Toll Plaza	5,750	
30,000		2.10 Subways	8,100	
10,850		2.11 Grounds	15,266	
5,750		2.12 Parking Area	8,850	
8,700		2.13 Buildings	10,250	
8,000		2.14 Workshops	12,800	
4,100		2.15 Garages	3,500	
26,800		2.16 Public Toilets	4,600	
200		2.17 Compressor House	30,500	
1,500		2.18 Stores	1,000	
2,750		2.19 Boilerhouse	2,200	
1,960		2.20 Hopetoun Compound	2,750	
15,000		2.21 Boathouse and Slipway	2,000	
1,300		2.22 Access Equipment	16,445	
17,000		2.23 Rescue Launch	1,800	
117,850		2.24 Public Lighting	6,250	
	1,450,380	2.25 Other Costs	124,000	
				1,485,099
505,370		<b>3 Traffic Operations</b>		
21,200		3.1 Employees - Pay etc	590,845	
33,550		3.2 Communications	23,800	
100,500		3.3 Weather Emergency	33,550	
	660,620	3.4 Other Costs	100,875	
				749,070
957,490		<b>4 Toll Collection</b>		
146,600		4.1 Employees - Pay etc	1,017,301	
	1,104,090	4.2 Other Costs	164,955	
				1,182,256
4,286,345		<b>TOTAL RECURRING EXPENDITURE</b>		4,622,463

# BUDGET 2004/2005

## Budget 2003/2004

£ £

## EXPENDITURE

### 5 Non-Recurring Capital Expenditure

#### a) Bridge Schemes

80,000	5.1 Vehicle Replacements
200,000	5.2 Minor Projects
75,000	5.3 Strengthen Cross Girders and Truss
20,000	5.4 Landscape Works
25,000	5.5 Viaduct Outrigger Beam
2,667,000	5.6 Viaduct Gantry and Runway
32,000	5.7 Refurbish Canteen
500,000	5.8 Toll Equipment
650,000	5.9 Main Cable Access Vehicle
48,000	5.10 Vehicle Parapet Study
279,000	5.11 Tower Painting and DOC
300,000	5.12 Toll Plaza Improvements
130,000	5.13 Main Cable Internal Inspection
50,000	5.14 Bridge Warning Signs Replacement
50,000	5.15 Administration Block Extension
30,000	5.16 Security Fence South Anchor
0	5.17 Suspended Span Truss Painting
0	5.18 Resurface Access Road
0	5.19 De-stressing Tool
0	5.20 Resurface Southbound Main Span
25,000	5.21 Strengthen HSFGB Connections
5,000	5.22 Suspended Span Painting Platform
75,000	5.23 Upgrade CCTV
	5.24 Waterproof and Resurface Side Spans

5,241,000

#### b) Transportation Schemes

1,693,000	5.25 M9 Spur/A8000
0	5.26 Preparation of LTS
0	5.27 Rosyth Link Road
0	5.28 Preparation of Charging Order
70,000	5.29 Bus Corridor Study
15,000	5.30 Cross Forth Ferry Study

1,778,000

0

7,019,000

11,305,345

### Income

5.28 Sale of Car Park

### TOTAL NON RECURRING EXPENDITURE

### TOTAL GROSS EXPENDITURE

### INCOME

#### 6 Toll Income

6.1 Revenue from Tolls

9,734,320

#### 7 Other Income

7.1 Rents

7.2 Miscellaneous

7.3 Interest on Revenue Balances

42,000

4,000

550,000

10,330,320

975,025

### TOTAL INCOME

### TOTAL NET EXPENDITURE/(SURPLUS)

## Budget 2004/2005

£ £

93,000

200,000

75,000

20,000

10,000

580,000

2,000

1,100,000

20,000

50,000

1,234,000

1,000,000

1,075,000

50,000

750,000

30,000

100,000

1,000

75,000

3,500,000

25,000

0

0

0

9,990,000

1,554,000

60,000

300,000

20,000

68,000

0

2,002,000

(500,000)

11,492,000

16,114,463

10,825,533

50,000

8,000

500,000

11,383,533

4,730,930

# FORTH ESTUARY TRANSPORT AUTHORITY

## BUDGET 2004/2005

Budget 2003/2004		EXPENDITURE	Budget 2004/2005	
£	£		£	£
1,071,255		Recurring		
1,450,380		1 Administration	1,206,038	
660,620		2 Maintenance of Bridge, Buildings, etc	1,485,099	
<u>1,104,090</u>		3 Traffic Operations	749,070	
	4,286,345	4 Toll Collection	<u>1,182,256</u>	
				4,622,463
	7,019,000	5 Non-Recurring Capital Expenditure		11,492,000
11,305,345		TOTAL GROSS EXPENDITURE		16,114,463
		INCOME		
9,734,320		6 Toll Income	10,825,533	
<u>596,000</u>		7 Other Income	<u>558,000</u>	
10,330,320		TOTAL INCOME		11,383,533
975,025		TOTAL NET EXPENDITURE/(SURPLUS)		4,730,930

## MOVEMENT IN REVENUE RESERVES

	£
Revenue Balance surplus at 31/3/03 brought forward	16,553,901
Add : Estimated surplus 2003/2004	580,000
Estimated Cumulative Reserves to 31/3/2004	<u>17,133,901</u>
Add : Budgeted surplus/(deficit) 2004/2005	(4,730,930)
Estimated Revenue Surplus carried forward to 2005/2006	<u>12,402,971</u>



Appendix 3 - Current Tolls. Capital Plan (Excluding Contract for Design and Build of A8000 Scheme)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Opening Balance	-17,134	-11,275	-9,584	-3,459	-2,138	2,264	5,694	9,037	12,321	13,636	14,703	17,583	19,172	24,474
Running Costs	4,622	4,806	4,950	5,099	5,252	5,409	5,571	5,739	5,911	6,088	6,271	6,459	6,653	6,852
Toll Income	-9,777	-10,121	-10,272	-10,426	-10,583	-10,742	-10,903	-11,066	-11,232	-11,401	-11,572	-11,745	-11,922	-12,100
Other Income	-58	-58	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100
Capital	11,492	7,372	11,740	6,831	9,830	8,630	8,345	8,090	5,980	5,655	7,340	5,905	9,400	8,480
Average Debt	-13,995	-10,275	-6,425	-2,757	61	3,863	7,151	10,368	12,600	13,757	15,673	17,842	21,187	26,040
Interest	-420	-308	-193	-83	4	232	429	622	756	825	940	1,071	1,271	1,562
Closing (Reserve) / Debt	-11,275	-9,584	-3,459	-2,138	2,264	5,694	9,037	12,321	13,636	14,703	17,583	19,172	24,474	29,168

assumes running costs increase by 3% p.a. from 2006/07, toll income increases by 1.5% p.a. (average increase 1996-2002) from 2006/7.  
interest received at 3%, interest paid at 6%, other income £100k from 2006/7

Appendix 4 - £1 Toll Class 2 Vehicles (1st October 2004). Capital Plan (Excluding Contract for Design and Build of A8000 Scheme)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Opening Balance	-17,134	-12,403	-12,756	-9,068	-10,293	-8,550	-8,010	-7,779	-7,833	-10,062	-12,718	-13,770	-16,334	-15,451
Running Costs	4,622	4,806	4,950	5,099	5,252	5,409	5,571	5,739	5,911	6,088	6,271	6,459	6,653	6,852
Toll Income	-10,825	-12,394	-12,580	-12,769	-12,960	-13,155	-13,352	-13,552	-13,755	-13,962	-14,171	-14,384	-14,599	-14,818
Other Income	-58	-58	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100
Capital	11,492	7,372	11,740	6,831	9,830	8,630	8,345	8,090	5,980	5,655	7,340	5,905	9,400	8,480
Average Debt	-14,519	-12,540	-10,751	-9,538	-9,283	-8,158	-7,778	-7,691	-8,816	-11,222	-13,048	-14,830	-15,658	-15,244
Interest	-500	-79	-323	-286	-278	-245	-233	-231	-264	-337	-391	-445	-470	-457
Closing (Reserve) / Debt	-12,403	-12,756	-9,068	-10,293	-8,550	-8,010	-7,779	-7,833	-10,062	-12,718	-13,770	-16,334	-15,451	-15,495

assumes running costs increase by 3% p.a. from 2006/07, toll income increases by 1.5% p.a. (average increase 1996-2002) from 2006/7.  
interest received at 3%, interest paid at 6%, other income £100k from 2006/7



# FORTH ESTUARY TRANSPORT AUTHORITY

APPENDIX 5

## 2004/05 BUDGET

## TWO YEAR PLAN

	2004/05 Proposed Budget at Outturn Prices Year 1	Adjustments	2005/06 Estimated Budget at Outturn Prices Year 2
	£	£	£
<b>FUNCTIONAL ANALYSIS</b>			
Administration	1,206,038	78,280	1,284,318
Maintenance of Bridge, Buildings etc	1,485,099	43,213	1,528,312
Traffic Operations	749,070	23,746	772,816
Toll Collection	1,182,256	38,729	1,220,985
Non-recurring Capital Expenditure	11,492,000	11,762,000	23,254,000
<b>GROSS EXPENDITURE</b>	<b>16,114,463</b>	<b>11,945,968</b>	<b>28,060,431</b>
Toll Income	(10,825,533)	(1,568,467)	(12,394,000)
Other Income	(558,000)	421,000	(137,000)
<b>NET EXPENDITURE</b>	<b>4,730,930</b>	<b>10,798,501</b>	<b>15,529,431</b>

Pay awards	84,040
Superannuation increases	28,102
General inflation (1.5%)	21,826
Insurance	50,000
Toll Income (Volume 2%)	(220,000)
Toll Income (Toll increase)	(1,348,467)
Interest on Revenue Balances	421,000
Non-recurring Capital Expenditure	11,762,000

<b>Increase in Expenditure</b>	<b>10,798,501</b>
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## RESERVES

Revenue Balance surplus brought forward	17,133,901	12,402,971
Add : Budgeted surplus/(deficit) for the year	(4,730,930)	(15,529,431)
<b>Estimated Revenue Surplus/(Deficit) carried forward.</b>	<b>12,402,971</b>	<b>(3,126,460)</b>