

**tie Limited**

**Paper to** : **tie Board**  
**Subject** : **FINANCE REPORT**  
**Date** : **11<sup>th</sup> September 2008**

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## **1. CONSOLIDATED EXPENDITURE TO 16<sup>th</sup> AUGUST 08 (PERIOD 5)**

A report of actual costs against the previous forecast and the FY0809 Business Plan is provided at Appendix 1.

### **Year to date actual expenditure (column 1) v budget (column 2)**

Total expenditure on all projects up to the end of period 5 was **£44.6m** compared to the budget as reflected in our annual Business Plan of **£50.7m**.

The underspend to date of £6.1m is almost entirely attributable to the Tram project and the variance is explained at Appendix 3 which is the Headline Cost Report extracted from the Period 5 Reporting Pack provided to Transport Scotland.

Costs are now being charged to Ingliston Park& Ride Phase II from the contingency funding in the tram project.

Other than the introduction of the Murrayfield Pitch Reconstruction (which was not budgeted) the variations on other projects are due to minor timing differences only.

### **Forecast expenditure for year (column 4) v forecast last reported (column 5) v budget (column 6)**

The full year forecast expenditure on the Tram project has increased by just £109k to £150.6m and reflects an assumption that the underspend up to end p5 of £6.5m will be recovered during the remainder of the year.

Ingliston Park & Ride Phase II is now substantially complete. Negotiation is on-going in respect of agreement of final account with the Park & Ride contractor and accounts are being prepared for discussion with the Signals contractor.

Murrayfield Pitch Reconstruction works commenced on-site during the last week of July with completion scheduled for end of November.

## **2. BALANCE SHEET AND BANK BALANCE**

Excess funds are held in an on-demand deposit account and are offset automatically by the bank against the current account when payments are made. **tie** draws down funds on a daily basis from a CEC treasury account to

meet payments as they fall due. Any balance on the bank account reflected in the balance sheet at Appendix 2 is purely as a result of timing differences.

### 3. STATUS OF FUNDING

**Tram** - CEC are now drawing down on Government funding for the project under the terms of the Grant offer and acceptance in January 2008 in the amount of £500m. CEC are contributing 8.3% (45/545) of funding requirements in each period with the balance provided by Scottish Ministers under the Grant.

**EARL** - We have agreed a fee of £7,600 per 4 week period to cover the costs of manpower and sundry legal fees associated with the continuing role of Authorised Undertaker. This is covered by the existing Grant letters totalling £9.8m dated 1<sup>st</sup> April, 30<sup>th</sup> May and 20<sup>th</sup> July 2007. Confirmation from Transport Scotland has now been received.

**IPR2** - Total costs of £2,798k on IPR II are being funded through a £1.9m allocation from SEStran to CEC, £598k of capital CEC funding and £300k of contingency funding from the tram project.

**Fastlink** – Funded by CEC on an actual cost basis – the busway infrastructure will be handed over to the tram Infracore contractor at the end of 2008.

**Murrayfield Pitch Reconstruction** - The anticipated project cost is £2.527m, with £2.377m being funded by CEC through the Water of Leith Flood Prevention project and the remaining £150k being funded through the Edinburgh Tram project.

**One-ticket/Third Party Projects** – Recovery by agreed rates for direct manpower costs associated with the projects. Third Party Projects comprise procurement advice provided to FETA and Fife Council in respect of the Forth Road Bridge Main Cable Study and the Cross Forth Ferry Study as well as fees received for the participation in transport integration related studies and workshops funded by the European Union.

### 4. ANNUAL BUSINESS PLAN FY0809

Final copies were provided to Board members for reference by email and hard copies made available at the last Board meeting.

The Business Plan was approved at the Transport Infrastructure and Environment Committee of the Council on 29th July. Written confirmation is still awaited.

### 6. ANNUAL ACCOUNTS AND AUDIT

The Board approved the annual accounts for the year ended 31<sup>st</sup> March 2008 at the 3<sup>rd</sup> July Board meeting on the recommendation of the Audit Committee.

### 7. INTERNAL AUDIT AND PROCESS IMPROVEMENT

A draft Business Continuity Plan has been considered by the SHE Committee and a revised, final, version will be issued during September. The re-procurement of internal audit services is being progressed with presentations

by prospective service providers due to be heard by the Audit Committee on 11<sup>th</sup> September.

**Appendices**

Appendix 1 – Consolidated Expenditure Report – FY0809

Appendix 2 – Balance Sheet

Appendix 3 – Extract from Period 3 Report to Transport Scotland re Costs

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Recommended by:

Date: 27<sup>th</sup> August 2008