

**PERFORMANCE & AUDIT COMMITTEE MEETING  
FRIDAY 9<sup>TH</sup> SEPTEMBER 2016 AT 10:00AM  
SESTRAN OFFICES, MEETING ROOM 3D-34, VICTORIA QUAY, EDINBURGH, EH6 6QQ**

Tea and coffee will be served from 9.30am.

1. Order of Business
2. Apologies
3. Declarations of Interest

**AGENDA A – POINTS FOR DECISION**

- A1.** Minutes of the Performance & Audit Committee – Friday 3<sup>rd</sup> June 2016
- A2.** Matters Arising
- A3.** Internal Audit – Annual Report
- A4.** External Audit – Annual Audit Report (Report to those charged with Governance)
- A5.** Audited Annual Accounts 2015/16
- A6.** European Union Referendum
- A7.** Review of Governance Structures
- A8.** Review of HR Policies
- A9.** Equalities & Diversity Report
- A10.** Climate Change Act Public Bodies Reporting
- A11.** Public Services Reform Act Report
- A12.** SEStran Annual Report and Website
- A13.** Projects Report
- A14.** Records and IT Management
- A15.** Audit Scotland – Maintaining Scotland's Roads report

**NOT FOR PUBLICATION by virtue of paragraph 9 of Schedule 7A of the Local Government (Scotland) Act 1973**

- A16.** Procurement Review

**NOT FOR PUBLICATION by virtue of Paragraph 1 of Schedule 7A of the Local Government (Scotland) Act 1973**

**A17.** SEStran and SESplan realignment

**A18.** Partnership Staffing Review

**4.** AOCB

**5.** Date of Next Meeting

Friday 18<sup>th</sup> November 2016, 3D-34 Meeting Room, Victoria Quay, Edinburgh, EH6 6QQ



**Performance & Audit Committee**  
**Friday 9<sup>th</sup> September 2016**  
**A1. Minutes of the P&A Committee 3<sup>rd</sup> June 2016**

**PERFORMANCE & AUDIT COMMITTEE MEETING**  
**HELD IN SESTRAN OFFICES, MEETING ROOM 3D-34, VICTORIA QUAY,**  
**EDINBURGH, EH6 6QQ**  
**ON FRIDAY, 3<sup>rd</sup> JUNE, 2016**  
**10.00 A.M. – 11.20 A.M.**

<b>PRESENT:</b>	<u>Name</u>	<u>Organisation Title</u>
Councillor	Gordon Edgar (Chair)	Scottish Borders Council
Councillor	Michael Veitch	East Lothian Council
	Sandy Scotland (Vice-Chair)	Non-Councillor Member
Councillor	Tony Boyle	West Lothian Council
<b>IN ATTENDANCE:</b>	<u>Name</u>	<u>Organisation Title</u>
	George Eckton	Partnership Director, SEStran
	Iain Shaw	City of Edinburgh Council (for Treasurer)
	Andrew Ferguson	SEStran/Fife Council (Secretary & Legal Adviser)
	Euan Millar	Audit Scotland

**Action by**

**1. ORDER OF BUSINESS**

The Chair confirmed that the Order of Business was as per the agenda.

**2. APOLOGIES**

Apologies were received from John Jack, Marta Kuzma, and Councillor Nick Gardner.

**3. DECLARATIONS OF INTERESTS**

No declarations of interest were made.

**A1 MINUTES**

The minutes of the Performance & Audit meeting of Friday 4<sup>th</sup> March, 2016 were noted and approved as a correct record.

**A2/**

**Action by**

**A2 MATTERS ARISING**

None.

**A3 UNAUDITED ANNUAL ACCOUNTS**

The Committee considered a report by Iain Shaw, on behalf of the Treasurer, presenting the unaudited Annual Accounts for the year ended 31<sup>st</sup> March, 2016. An amendment to the unaudited financial statements was tabled.

**Decision**

The Committee noted:-

- (i) the unaudited Annual Accounts for 2015/16 and referred the Accounts to the Partnership Board for approval for submission to the Partnership's external auditors; and
- (ii) that the audited Annual Accounts, incorporating the Auditor's report, and will be presented to the Performance and Audit Committee and Partnership Board in due course.

**IS**

**A4 LEGAL OFFICER'S REPORT – REVIEW OF GOVERNANCE DOCUMENTATION**

The Committee considered a report by Andrew Ferguson, Secretary and Legal Adviser, SEStran. Mr. Ferguson updated members verbally on an additional proposal that, as part of the review, the opportunities for encouraging greater gender and other diversity be explored.

**Decision**

The Committee:-

- (i) noted the proposed review of the current governance documents;
- (ii) recommended to the Board that the issue of gender and other diversity be explored as part of the review; and
- (iii) noted the ongoing review work which will be taking place over the next few months.

**AF/GE**

**A5./**

**A5. INTERNAL AUDIT PLAN**

The Secretary and Legal Adviser introduced a report, relating to the proposed internal audit review, the scope of which was to assess the design and operating effectiveness of SEStran's controls relating to programme management.

The review was not as yet concluded, but Mr. Ferguson advised the Committee that concerns had been expressed by the internal auditors regarding the governance of the organisation, given the decision to not appoint a Chair to the Partnership in December, 2014.

**Decision**

The Committee noted the update and that a report on the governance issue would be reported to the Board.

**AF/GE**

**A6. ANNUAL TREASURY MANAGEMENT REPORT**

The Committee considered a report by Hugh Dunn on the Annual Treasury.

**Decision**

The Committee noted the Annual Report for 2015/16 and referred it to the next Board meeting.

**A7. RISK REPORT**

The Committee considered a report on the Risk Register.

**Decision**

The Committee noted the contents of the report.

**4. ANY OTHER BUSINESS**

The Committee noted the revised Standards Commission Guidance which had been circulated by e-mail, and agreed that it should be circulated to all Board members for information.

**AF/AC**

**5. DATE OF NEXT MEETING**

**Decision**

The Committee noted that the next meeting would be held on Friday 9<sup>th</sup> September, 2016 in 3D-34 Meeting Room, Victoria Quay, Edinburgh.

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## Internal Audit – Annual Report

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September 2016

### 1. PURPOSE OF THIS REPORT

This report highlights the work carried out by Internal Audit for the Financial Year 2015/16.

### 2. SUMMARY

- 2.1 The External Auditor has recommended that an Annual Report is provided by the Head of Internal Audit for the Partnership. This report addresses this requirement and is presented to SEStran's Performance & Audit Committee.
- 2.2 Overall reasonable assurance can be placed upon the internal controls in place within the Partnership, other than in connection with the governance implications of the Partnerships lack of a Chairperson between 4 December 2015 and 31 March 2016. This is articulated in my Statement of Assurance (Appendix 1).
- 2.3 My statement, along with the work of managers in the Partnership and External Audit, helps inform the Annual Governance Statement (Appendix 2), which includes the Treasurer's Statement on the effectiveness of SEStran's system of internal financial control. Although considered unlikely, it should be noted that any major issues raised by the External Auditor in the audit of the accounts could affect the Draft Annual Governance Statement.

### 3. GOVERNANCE

- 3.1 Internal Audit, the CEC Governance Section and the Partnership's management have undertaken a review of the corporate governance arrangements within the Partnership against best practice and concluded that the arrangements are compliant other than the Partnership's lack of a Chairperson between 4 December 2015 and 1 July 2016.

### 4. PROMOTION OF INTERNAL CONTROL

- 4.1 The Internal Audit Section ensures a systematic appraisal of the Partnership's control environment and framework of internal controls by being active in a number of areas within the Partnership. The Section's work is based upon a risk analysis of the Partnership's activities to ensure that the limited resources of the Section are used in the most effective way.

## **5. TREASURER'S ASSURANCE STATEMENT**

- 5.1 Within the Accounting Code of Practice there is a requirement for the Treasurer to sign an annual statement on the adequacy of the internal controls in place within the financial systems.
- 5.2 As part of his Assurance Statement it is recommended that the Treasurer reports on the arrangements within the Partnership for internal audit provision. It is also recommended that the Head of Internal Audit reports on the financial controls in place.
- 5.3 Internal audit staff carried out a high level review of the adequacy and effectiveness of the Partnership's system of internal financial control for the year to 31<sup>st</sup> March 2016. This work supplemented our annual programme of internal audit activity and provided documentary evidence to support the overall assessment of the Partnership's system of internal control.
- 5.4 The following areas of work provide additional support to this assessment of the Partnership's system of financial control:
- Internal Audit review of the robustness of the programme management controls
  - a Certificate of Assurance signed by the SEStran Partnership Director to the effect that the controls in place are sound (to be presented)

## **6. FOCUS OF INTERNAL AUDIT RESOURCES**

- 6.1 The Annual Audit Plan for the period to 31st March 2016 (Internal Audit planning year) includes:
- assistance to the Partnership in addressing any areas noted in the Treasurer's Statement;
  - Advice and opinion as required.

## **7. MONITORING OF PERFORMANCE**

- 7.1 Action plans are agreed with management on all recommendations made within the reports issued and appropriate follow-up arrangements are put in place.

## 8. RECOMMENDATION

8.1 The Committee is requested to:

- Note the contents of this report.
- Note the Draft Annual Governance Statement contained in Appendix 2.

**Hugh Thomson**  
**Principal Audit Manager**

**Appendices**      Appendix 1 – Annual Statement by Chief Internal Auditor  
Appendix 2 – Draft Annual Governance Statement 2015/16

**Contact/Tel**      Hugh Thomson, Principal Audit Manager (0131) 469 3147

**Background  
Papers**      None

Policy Implications	None
Financial Implications	None
Race Equalities Implications	None
Gender Equalities Implications	None
Disability Equalities Implications	None
Climate Change Implications	None



# **South East of Scotland Transport Partnership**

## **Annual Statement by Chief Internal Auditor**

### **Appendix 1**

On behalf of the Chief Internal Auditor of the City of Edinburgh Council and provider of the internal audit service for the South East of Scotland Transport Partnership (SEStran), I am pleased to present my Annual Statement on the adequacy and effectiveness of the internal control system of the Partnership for the year ended 31<sup>st</sup> March 2016.

### **Respective responsibilities of management and internal auditors in relation to internal control**

It is the responsibility of the Partnership's senior management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. It is the responsibility of the Head of Internal Audit to provide an annual overall assessment of the robustness of the internal control system. The agreed Internal Audit Strategy ensures that I have in place a planning mechanism to enable me to deliver a formal opinion on the internal control environment within SEStran. The formal movement away from purely financial controls to a mixture of financial and non-financial risks ensures the audit opinion is available on the major controls the Partnership has in place to meet the risks it faces in delivery of its aims and objectives.

### **Sound internal controls**

The main objectives of the Partnership's internal control systems are to ensure:

- that its aims and objectives can be met
- adherence to management policies and directives
- assets are safeguarded
- the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records
- compliance with statutory requirements.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Partnership is continually seeking to improve the effectiveness of its systems of internal control.

### **The work of internal audit**

Internal Audit is an independent appraisal and assurance function established by the Treasurer for the review of the Partnership's control environment, comprising risk management, control and governance. It objectively examines, evaluates and reports on the financial and operational controls within the Partnership and provides an opinion on the effectiveness of the control environment in achieving the Partnership's objectives.

The Internal Audit Section operates in accordance with the Public Sector Internal Audit Standards. The Section undertakes an annual programme of work which is reported to the Partnership. The audit plan is based on a formal risk assessment process and audit needs assessment which are revised on an ongoing basis to reflect evolving risks and changes within the Partnership.

The annual audit plan for SEStran is based upon the agreed strategy and is split between work that is required to:

- be carried out annually on the major financial systems to support the Head of Internal Audit's opinion on financial controls which is used to inform the Treasurer's Statement on control;

- support the Chairperson, the Partnership Director and the Treasurer's Annual Governance Statement;
- ensure the effectiveness of the controls that mitigate the risks that would prevent SEStran achieving its aims and objectives as set out in its Business Plan.

In addition, a rolling programme based upon risk is used to cover all other areas of internal control. This rolling programme together with the annual coverage helps to inform my opinion on the adequacy and effectiveness of the control environment.

All internal audit reports identifying system weaknesses and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations. The Internal Auditor is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. Significant matters including non-compliance with audit recommendations arising from internal audit work are reported to the Partnership.

## **Basis of opinion**

My evaluation of the control environment is informed by a number of sources:

- the audit work undertaken each year by Internal Audit, incorporating the year to 31<sup>st</sup> March 2016;
- reports issued by the Partnership's external auditors, Audit Scotland, and other review agencies;
- knowledge of the Partnership's governance, risk management and performance monitoring arrangements.

## **Opinion**

It is my opinion, based on the above, with the exception of the governance implications of the matter noted in the explanatory note below, that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system in the year to 31 March 2016.

## **Explanatory Note**

For the period 4 December 2015 to 1 July 2016 SEStran did not have an appointed Chairperson in line with the requirements of the Order. This matter was rectified on 1 July 2016 when Councillor Lesley Hinds was appointed as Chairperson. The time limit for any legal challenge for decisions from 4 December 2015 to 31 March 2016 has expired.

**Hugh Thomson, Principal Audit Manager**

**Date 9 September 2016**

# South East of Scotland Transport Partnership Annual Governance Statement 2015/16

## Appendix 2

### 1. Scope of responsibility

The South East of Scotland Transport Partnership's aim is to develop a transportation system for South East Scotland as outlined in the Partnership's Regional Transport Strategy 2008-2023.

The Partnership is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for and used economically, efficiently, effectively and ethically. The Partnership also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these overall responsibilities Elected Members and Senior Officers are responsible for implementing proper arrangements for the governance of the Partnership's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Partnership has approved and adopted a Local Code of Corporate Governance which is consistent with appropriate corporate governance principles and is supported by detailed evidence of compliance, which is regularly reviewed.

This Statement explains how the Partnership delivers good governance and reviews the effectiveness of these arrangements. It also includes a statement on internal financial control in accordance with proper practice.

The Partnership's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

### 2. The Partnership's governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Partnership is directed and controlled, and its activities through which it accounts to, engages with and influences the community. It enables the Partnership to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance:

- Focusing on the purpose of the Partnership and on outcomes for the community, and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Partnership and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective;

- Engaging with local people and other stakeholders to ensure robust public accountability.

A significant part of the governance framework is the system of internal control which is based on an ongoing process designed to identify and manage the risks to the achievement of the Partnership's policies, aims and objectives. These are defined in the Partnership's Business Plan, which is updated annually. This will enable the Partnership to manage its key risks efficiently, effectively, economically and ethically.

Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

While the system of internal control is designed to manage risk at a reasonable level it cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

### **3. Determining the Partnership's purpose, its vision for the local area and intended outcomes for the Community**

The Partnership aims to develop a transportation system for South East Scotland which will enable business to function effectively and provide everyone living in the Region with improved access to health care, education, public services and employment opportunities. The vision for achieving this is outlined in the Regional Transport Strategy.

The Business Plan defines how to implement the aims of this strategy and the Annual Report provides a report of performance against objectives, targets and performance indicators as outlined in the Regional Transport Strategy.

### **4. Review of effectiveness**

The Partnership has put in place arrangements, detailed in the Local Code, for monitoring each element of the framework and providing evidence of compliance. A Principal Officer within the Partnership has been nominated to review the effectiveness of the Local Code and will report annually to the Partnership Board.

The review of the effectiveness of its governance framework including the system of internal financial control is informed by:

- the work of the Internal Auditors and the Head of Internal Audit's Annual Statement on the adequacy and effectiveness of the Partnership's system of internal financial control;
- the Partnership Director's Certificate of Assurance on internal control;
- the operation and monitoring of controls by Partnership managers;
- the External Auditors in their Annual Audit Letter and other reports; and
- other inspection agencies comments and reports.

Through the year Elected Members and Officers have responsibility for the development and maintenance of the governance environment. These review mechanisms include:

- **The Partnership Board** provides strategic leadership, determines policy aims and objectives and takes executive decisions not delegated to officers. It provides political accountability for the Partnership's performance.
- **The Performance and Audit Committee** demonstrates the Partnership's commitment to the principles of good governance. It scrutinises the running of the Partnership and suggests improvements.
- **Internal Audit** provides an independent and objective assurance service to the Partnership by completing a programme of reviews throughout the year, to provide an opinion on the internal control, risk management and governance arrangements of South East of Scotland Transport Partnership.
- **Audit Scotland's Annual Audit Report** is considered by the Partnership Board and the Performance and Audit Committee along with the output from other external audits and inspections.
- **The risk management system** requires that risks are regularly reviewed by the Performance and Audit Committee and the Board. This ensures that actions are taken to effectively manage the Partnership's highest risks.
- **The Legal Officer** is responsible to the Partnership for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

## 5. Certification

In compliance with accounting practice, the Treasurer has provided the Partnership Director with a statement on the adequacy and effectiveness of the Partnership's internal financial control system for the year ended 31<sup>st</sup> March 2016. For the period 4 December 2015 to 31 March 2016, SEStran did not have an appointed Chairperson, as provided for in the Regional Transport Partnership (Scotland) Order 2005, having appointed a senior vice-chairperson for the duration of this period and beyond to 1st July 2016, This matter was identified by Internal Audit in its Annual Report and was fully rectified on 1 July 2016 when Councillor Lesley Hinds was appointed as Chairperson. Given the rectification measures implemented, it is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system.

During the year the Head of Internal Audit reviewed the robustness of the current corporate governance arrangements and systems of internal control and his findings are included in the Head of Internal Audit's Annual Report.

From this year's review there is evidence that the Code is operating effectively with overall compliance by the Partnership in all significant areas of its corporate governance arrangements.

Chairperson of  
Partnership Board:

Date

Partnership Director: GEORGE ECKTON

Date

Treasurer:

HUGH DUNN

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Date

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Performance and Audit Committee  
South East of Scotland Transport Partnership

9 September 2016

## South East of Scotland Transport Partnership 2015/16 Annual Audit Report

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We are drawing to your attention matters for your consideration before the financial statements are approved and certified. We also present for your consideration our draft annual report on the 2015/16 audit which identifies significant findings from the financial statements audit. The section headed "Significant findings from the audit in accordance with ISA260" in the attached annual audit report sets out the issues identified. This report will be issued in final form after the financial statements have been certified.
2. Our work on the financial statements is now substantially complete. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified auditor's report on 23 September 2016 (the proposed report is attached at Appendix A). There are no anticipated modifications to the audit report.
3. In presenting this report to the Performance and Audit Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.
4. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to bring to your attention.
5. As part of the completion of our audit we seek written assurances from the Treasurer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at [Appendix B](#). This should be signed and returned by the Treasurer with the signed financial statements prior to the independent auditor's opinion being certified.

## **APPENDIX A: Proposed Independent Auditor's Report**

### **Independent auditor's report to the members of South East of Scotland Transport Partnership and the Accounts Commission for Scotland**

I certify that I have audited the financial statements of South East of Scotland Transport Partnership for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of the Treasurer and auditor**

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the South East of Scotland Transport Partnership and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the South East of Scotland Transport Partnership as at 31 March 2016 and of the income and expenditure of the Partnership for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.



## **Opinion on other prescribed matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Stephen O'Hagan

Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

September 2016

## APPENDIX B: Letter of Representation (ISA 580)

Stephen O'Hagan  
Senior Audit Manager  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Stephen

### **South East of Scotland Transport Partnership Annual Accounts 2015/16**

1. This representation letter is provided in connection with your audit of the financial statements of South East of Scotland Transport Partnership for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of South East of Scotland Transport Partnership, as at 31 March 2016 and its comprehensive net expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Performance and Audit Committee, the following representations given to you in connection with your audit of South East of Scotland Transport Partnership for the year ended 31 March 2016.

### **General**

3. I acknowledge my responsibility and that of South East of Scotland Transport Partnership for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by South East of Scotland Transport Partnership have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the Management Commentary and Remuneration Report presents a balanced picture of South East of Scotland Transport Partnership and is consistent with the financial statements.
5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

### **Financial Reporting Framework**

6. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and the

Local Authority Accounts (Scotland) Regulations 2014 including all relevant presentation and disclosure requirements.

7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of South East of Scotland Transport Partnership for the year ended 31 March 2016.

### **Accounting Policies & Estimates**

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

### **Going Concern**

10. The Partnership has assessed South East of Scotland Transport Partnership's ability to carry on as a going concern, as identified in the Management Commentary, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

### **Related Party Transactions**

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

### **Events Subsequent to the Balance Sheet Date**

12. There have been no material events since the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
13. Since the Balance Sheet date no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

### **Corporate Governance**

14. I acknowledge as Treasurer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
15. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2016, which require disclosure.

## **Fraud**

16. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

## **Assets**

17. The assets shown in the Balance Sheet at 31 March 2016 were owned by South East of Scotland Transport Partnership, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

## **Liabilities**

18. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2016.

## **Carrying Value of Assets and Liabilities**

19. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

## **Annual Leave Accrual**

20. The holiday pay accrual included in the financial statements excludes any flexi time balance due at the year end as this is not considered material.

Yours sincerely

Hugh Dunn  
Treasurer

# South East of Scotland Transport Partnership

2015/16 Annual audit  
report to Members and  
the Controller of Audit

# Key contacts

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The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies ([www.audit-scotland.gov.uk/about/ac/](http://www.audit-scotland.gov.uk/about/ac/)). Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General ([www.audit-scotland.gov.uk/about/](http://www.audit-scotland.gov.uk/about/)).

Stephen O’Hagan, Senior Audit Manager, Audit Scotland is the engagement lead of South East of Scotland Transport Partnership for 2011/12 to 2015/16.

This report has been prepared for the use of South East of Scotland Partnership and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in this report may be used for the Accounts Commission’s annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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# Key messages

## Audit of financial statements

- Unqualified auditor's report on the 2015/16 financial statements.
- Working papers were of a good standard and officers provided good support which enabled the audit team to complete fieldwork by the planned target date.
- All monetary, presentational and disclosure issues identified in unaudited accounts, including commentary in the Annual Governance Statement, were corrected by management in the audited financial statements.

## Financial management and sustainability

- During 2015/16, the Partnership recorded a breakeven position with total outturn expenditure matching total income of £2.966m.
- A significant proportion of the Partnership's expenditure and income relates to EU projects. The Partnership is currently reviewing its future planned expenditure ahead of the likely triggering of Article 50 and the UK's departure from the EU. Current EU projects are not subject to risk, however there remains a degree of uncertainty around potential future income streams for EU projects.

## Governance and transparency

- Following the end of the Chair's tenure in December 2015, the Partnership operated without a Chair until July 2016. Officers have reviewed business decisions through this period and concluded no post-ratification of these was necessary, due to the nature of decisions.
- In all other respects we have concluded that the Partnership had effective overarching and supporting governance arrangements in place during the year.

## Best Value

- A refresh of the existing Regional Transport Strategy was presented to the Partnership in December 2015. In July 2016, the board undertook to develop a new strategy for the future.
- The Partnership continues to progress the delivery of real time passenger information across the region. It is reviewing the implications of First East Scotland's withdrawal from routes in East Lothian, and will explore options for potential redeployment of bus kits, to maximise utilisation of assets purchased through the project.



### Outlook

- The Partnership has approved a revenue budget for 2015/16 which makes provision for £0.551m of core service costs and £1.069m of project expenditure. The Partnership has been successful in sourcing additional funding for projects to date. However, there is a risk around the delivery of the Partnership's objectives if adequate funding cannot be sourced beyond 2016/17.



# Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of South East of Scotland Transport Partnership (the Partnership). The report is divided into sections which reflect our public sector audit model.
2. The management of South East of Scotland Transport Partnership is responsible for:
  - preparing financial statements which give a true and fair view
  - implementing appropriate internal control systems
  - putting in place proper arrangements for the conduct of its affairs
  - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor of the Partnership, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
5. Appendix 2 summarises the local reports issued by Audit Scotland during the course of the year. Appendix 3 is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that the Partnership understands its risks and has arrangements in place to manage these risks. The Partnership should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
6. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
7. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.
8. 2015/16 is the final year of the current five year audit appointment. From 2016/17 the auditor of South East of Scotland Transport Partnership will be Scott Moncrieff. In accordance with agreed protocols and International Standards on Auditing we will be liaising with the incoming auditors as part of this transition.

# Audit of the 2015/16 financial statements

<b>Audit opinion</b>	<ul style="list-style-type: none"><li>• We have completed our audit of the Partnership and issued an unqualified independent auditor's report.</li></ul>
<b>Going concern</b>	<ul style="list-style-type: none"><li>• The financial statements of the Partnership have been prepared on the going concern basis. We are unaware of any events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern.</li></ul>
<b>Other information</b>	<ul style="list-style-type: none"><li>• We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. The Annual Governance Statement has been amended to include reference to the Partnership chair vacancy during 2015/16, and the subsequent action to appoint a new chair. We have nothing else to report as a result of our review.</li></ul>

## Submission of financial statements for audit

9. We received the unaudited financial statements in accordance with the agreed timetable. The working papers were of a good standard and staff provided good support to the audit team which assisted the delivery of the audit to deadline.

## Overview of the scope of the audit of the financial statements

10. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Partnership in March 2016.
11. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2015/16 agreed fee

for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

12. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. Appendix 1 sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.
13. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

## Materiality

14. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).

15. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
16. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of South East of Scotland Transport Partnership, we set planning materiality for 2015/16 at £21,000 (1% of gross expenditure). We report all misstatements greater than £1,000. Performance materiality was calculated at £16,000, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.
17. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and set planning materiality for 2015/16 at 34,000. We report all misstatements greater than £2,000. Performance materiality was calculated at £26,000.

## Evaluation of misstatements

18. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. These adjustments have reduced both the gross expenditure and gross income within the cost of services by £87,000. The effect on the balance sheet was to

increase debtors by £58,000 and reduce creditors by £87,000. Grant income/contributions received in advance also increased by £145,000. The net effect on of these adjustments on both the net cost of services and net assets in the balance sheet is nil.

## Significant findings from the audit

19. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
  - The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
  - Significant difficulties encountered during the audit.
20. The following table details those issues or audit judgements that, in our view, require to be communicated to those charged with governance in accordance with ISA 260.
  - Significant matters arising from the audit that were discussed, or subject to correspondence with management.
  - Written representations requested by the auditor.
  - Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.

Table 1: Significant findings from the audit

## Significant findings from the audit in accordance with ISA260

### Issue: Compliance with legislative requirements

The Regional Transport Partnerships (Scotland) Order 2005 stipulates a maximum 10 year period for the chairpersonship of a Partnership. The Partnership's Chair reached this threshold at the end of 2015. At its December 2015 meeting, the Partnership decided not to appoint a new Chair until after the local government elections in May 2017 and instead created a Vice-Chair post as an interim measure. The former Chair was then appointed to this post.

Internal Audit reviewed this decision as part of its audit work for the year, and concluded that it could be perceived as not complying with the 2005 Order, given the 17 month delay in appointing a new chair. It could also potentially result in Partnership decisions being subject to challenge on the grounds of non-compliance with the Order. Their findings were reported to the Partnership in July 2016, and on the basis of the findings, the Partnership appointed a new Chair (Councillor Lesley Hinds) on 1 July 2016. Officers also reviewed Partnership decisions in the intervening period and concluded that no post ratification was necessary, based on the nature of business and the expiration of the time period for any potential legal challenge.

The Annual Governance Statement in the unaudited annual accounts was prepared in June 2016, prior to the Partnership's consideration of Internal Audit's report, and as such made no reference to Internal Audit's findings on the vacant post of chair. In line with the CIPFA Good Governance Guide, the statement included in the annual accounts for certification has been updated to make reference to the significant issues highlighted by Internal Audit in their report.

**Resolution: The Treasurer's certification in the Annual Governance Statement within the audited annual accounts has been amended to reflect the governance issue raised by Internal Audit.**

## Significant findings from the audit in accordance with ISA260

### **Issue: Carry forward of budget underspend**

The 2015/16 budget included requisitions of £200,000 from constituent authorities. When reviewing the financial performance in December 2015 and the projected underspend position, the Partnership approved the carry forward of £87,000 of requisitions to 2016/17, to meet future commitments on RTPI.

The unaudited financial statements included an adjustment of £87,000 to increase expenditure in respect of these underspend requisitions, instead of reducing income. This resulted in both income and expenditure being overstated by £87,000. The unaudited statements also reflected the £87,000 underspend as a creditor in the balance sheet, rather than a contribution received in advance. The net effect of correcting this error on both the net cost of services and net assets is nil.

**Resolution: The audited financial statements have been adjusted to correct for this error, including the update of management commentary narrative.**

### **Issue: Classification of cash flow transactions**

Working papers to support the cash flow statement within the unaudited financial statements included misclassification errors. Bus Improvement Fund grant income of £776,000 was incorrectly classified as “other receipts from operating activities” instead of “government grants”. On further review it was identified that prior year BIF monies of £558,000 were also misclassified in the cashflow statement. In addition salary recharges of £190,000 in the prior year had also been misclassified as “other receipts” instead of “cash paid to suppliers”. Officers have amended the cashflow statement figures for current and prior year to reflect these reclassification errors. The correction of these errors has no effect on the “change in cash and cash equivalents” and no effect on the financial results for the Partnership.

**Resolution: The audited financial statements have been adjusted to correct for these classification errors.**

## Significant findings from the audit in accordance with ISA260

### Issue: Grant income received in advance

During 2015/16 the Partnership received a total of £58,000 of grant funding that relates to future financial years. This has been included within the unaudited financial statements as a credit entry within debtors. However, the Local Authority Code of Practice 2015-16 states this should be disclosed separately as grant income received in advance. Both debtors and grant income received in advance were therefore understated in the unaudited financial statements by £58,000. The net effect of adjusting this error is nil.

**Resolution: The audited financial statements have been amended to separately disclose grant funding in advance within the balance sheet.**

## Future accounting and auditing developments

### Code of Audit Practice

21. A new Code of Audit Practice will apply to all audits from financial year 2016/17. There will be a focus on four areas:
  - Financial sustainability
  - Financial management
  - Governance and transparency; and
  - Value for money.
22. In addition, as well as the annual audit report, other significant outputs, such as the annual audit plan, will be published on Audit Scotland's website.

# Financial management and sustainability

## Financial management

23. As auditors we need to consider whether bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
- the officer responsible for finance has sufficient status to be able to deliver good financial management
  - standing financial instructions and standing orders are comprehensive, current and promoted within the body
  - reports monitoring performance against budgets are accurate and provided regularly to budget holders
  - monitoring reports do not just contain financial data but are linked to information about performance
  - members provide a good level of challenge and question budget holders on significant variances.
24. The main financial management arrangements for the Partnership have been set down in the financial regulations and based on our accumulated knowledge and our review of relevant papers we conclude that the Partnership has made appropriate financial management arrangements.

## Financial outcomes

25. The main financial objective for the Partnership is to ensure that the financial outturn for the year is within the resource budget allocated.
26. The Partnership's outturn expenditure for 2015/16 was £198,000 less than budgeted. However the Partnership achieved a breakeven position, with its outturn income matching the actual expenditure incurred as detailed in Table 2 below.

**Table 2: Resource Budget**

	Final Budget (£'000)	Actual Outturn (£'000)	(Under) / Over spend
Core Service	549	544	(5)
Revenue Projects	1,384	1,380	(4)
Capital Project	1,230	1,042	(188)
Interest	1	0	(1)
<b>Total Expenditure</b>	<b>3,164</b>	<b>2,966</b>	<b>(198)</b>
Government Grant	(782)	(782)	0
Constituent Councils Requisitions	(200)	(113)	87



	Final Budget (£'000)	Actual Outturn (£'000)	(Under) / Over spend
Other Income - Revenue Projects	(1,044)	(1,157)	(113)
Other Income - Capital Projects	(1,138)	(910)	228
Other Income - Conference	0	(5)	(5)
<b>Total Income 2015/16</b>	<b>(3,164)</b>	<b>(2,966)</b>	<b>198</b>

Source: SEStran unaudited financial statements 2015/16

27. Capital expenditure of £1.042 million was incurred on the Real Time Passenger Information (RTPI) project. This expenditure was funded principally by income from the bus operators, the Bus Investment Fund and by using the underspend which was carried forward from the Partnership's revenue budget for 2014/15.
28. The Partnership recorded an underspend of £87,000 against its revenue budget for 2015/16. At its meeting in December 2015 the Board agreed that this amount would be used to meet future commitments on the RTPI project.
29. The Partnership has no usable reserves at the year end as it holds no statutory powers to operate this type of reserve. Unusable reserves decreased by £86,000 mainly due to the net effect of adjustments through the Capital Adjustment Account and Pension Reserve.

## 2016/17 and beyond

30. In March 2016 the Partnership agreed a balanced budget for 2016/17 which made provision for £0.551 million of core service costs and £1.069 million of project expenditure in support of Regional Transport Strategy projects. The 2016/17 budget is based on confirmed Scottish Government and council funding for a one year period.
31. The Partnership has been successful in sourcing additional funding for projects to date. However there is a risk around the delivery of the Partnership's objectives if adequate funding cannot be sourced to support new projects beyond 2016/17.
32. There is a particular risk around the Partnership's EU funding in future years. The Partnership has a number of EU funded projects ongoing as at 1 April 2016, all at various stages of completion and attracting varying degrees of EU funding proportions as percentage of overall project costs. Anticipated remaining total project income from these projects is approximately £400,000, phased over the next four financial years from 2016/17.
33. Following the EU referendum in June 2016, the Partnership is actively monitoring and reviewing the implications of the vote on future funding. The UK Treasury has provided assurance that all multi-year projects with signed contracts or funding agreement in place, along with projects to be signed in the ordinary course of business before the 2016 UK Autumn Statement, will be fully funded, even when these projects continue beyond the UK's departure from the EU. Consequently the risk attached to the grant

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funding for these projects arising from a likely triggering of Article 50 is minimal.

- 34. The Partnership currently has one bid in progress for an EU funded project with potential income value of £132,000 over three years, and a number of other planned bids whose financial value is not yet quantifiable. These include an intention to work with Napier University's Transport Research Institute (TRI) on further Horizon 2020 bids later this year, which the Partnership has been successful in bidding for in the past.
- 35. Beyond the autumn statement, the EU Commission have been clear to UK organisations like SEStran bidding for competitive funds from the INTERREG and Horizon 2020 programmes that the referendum result does not change eligibility of these funds, and that UK organisations should continue to bid while they remain EU members. The Treasury has confirmed that on these funds, as with ESIF, they will underwrite the payment of such awards, even when specific projects continue beyond the UK's departure from the EU. However there is less certainty around future accessibility to other EU project funding.
- 36. Notwithstanding these assurances and guarantees, there exists a degree of uncertainty around the Partnership's future potential income streams associated with EU projects.

- 37. The Partnership should regularly revisit and review its estimates of the potential impact of a likely future triggering of Article 50, taking into account the rapidly changing political environment at a Scottish, UK and European level.

### **Appendix 3 – action plan point 1**

- 38. In the absence of confirmed budget allocations for local government beyond 2016/17, longer-term funding assumptions remain subject to considerable uncertainty. Those projections that are available, however, point to a tightening of the overall fiscal position and potential cash-reductions in funding provided through the Scottish Block grant over the following two years. The Partnership intends to develop a revenue budget proposal for 2017/18 for consideration by the Partnership Board in December 2016.

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# Governance and transparency

## Corporate governance

- 39. Members and management of the Partnership are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements.
- 40. The Partnership board comprises elected members from the eight constituent authorities and non-councillor members and is responsible for overseeing key aspects of governance. In addition there are a number of standing committees overseeing specific aspects of governance.
- 41. From our work undertaken during the year, we have concluded that the Partnership has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making, with the exception of the following issue.
- 42. As noted in table 1 earlier in this report, the Partnership operated for a period of the financial year without an appointed chair. This issue was highlighted in Internal Audit's annual statement, and following review, the Partnership appointed a new chair in July 2016. Officers

also conducted a review of business decisions in the intervening period and concluded that no post-ratification of these business decisions was necessary, based on the nature of the business and the expiration of the time period for any potential legal challenge to these decisions. We have reviewed this issue and the mitigating actions taken by the Partnership and consider these to be adequate.

## Accounting and Internal control systems

- 43. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
- 44. A number of key financial systems of the Partnership are provided through City of Edinburgh Council (CEC), and our consideration of the internal control environment for the Partnership is informed by our CEC audit work. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

## Internal audit

- 45. Internal audit provides members and management of the Partnership with independent assurance on risk management,

internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.

46. Our review established that the work of internal audit is of a good quality allowing us to place reliance on their work. We placed reliance on aspects of internal audit's work in relation to payroll and the Annual Governance Statement, supplemented by our own substantive procedures.

### **Arrangements for the prevention and detection of fraud**

47. Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity. Auditors review and report on these arrangements.
48. There were no instances of fraud or corruption reported by the Partnership in 2015/16.
49. We assessed the arrangements for the prevention and detection of fraud during the planning phase of our audit. The Partnership's anti-fraud and corruption and anti-bribery policies provide a framework for deterring and preventing fraud and also dealing with any frauds which may occur.

50. We concluded that there are effective arrangements for the prevention and detection of fraud, although it should be noted that no system can eliminate the risk of fraud entirely.

### **Arrangements for maintaining standards of conduct and the prevention and detection of corruption**

51. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place. No issues have been identified by us for inclusion in this report.

# Best Value

## Performance management

- 52. The aims of the Partnership are set out in the Regional Transport Strategy (RTS). A refreshed strategy was presented to the Partnership Board in December 2015, and in July 2016 the Board approved the undertaking to produce a completely new RTS.
- 53. The annual Business Plan sets out the levels of capital and revenue expenditure approved by the Board and the projects and activities that will be taken forward by the Partnership in the year.
- 54. Progress towards the achievement of the Partnership's objectives is monitored on an annual basis, with the results reported in an Annual Report. In addition, progress on projects is reported to the Board on a quarterly basis.

## Overview of performance targets in 2015/16

- 55. A key project within the Partnership's Business Plan is Real Time Passenger Information (RTPI). The Partnership's Annual report notes that £1m was expended on this project in 2015/16.
- 56. Following an agreement made in 2014/15, the June 2016 projects report notes that RTPI has in the course of 2015/16 delivered live bus times for all of the services operated by both First East Scotland and Stagecoach Fife, within the SEStran region. This includes the transfer of all of Stagecoach's on-bus RTPI units to First East Scotland, following a decision in 2014/15 by Stagecoach to implement its own RTPI system instead of the SEStran system.
- 57. The Partnership has noted in its accounts that First East Scotland took the decision to cease bus operations in the East Lothian from 14 August 2016. Since then, Lothian Buses announced their decision in July 2016 to take over operations in the region. Around 350 First East Scotland buses are fitted with RTPI equipment, and it is anticipated the majority of these will continue to operate within the SESTrans area. When the operational arrangements are confirmed, the Partnership will explore options around potential redeployment of any surplus on-bus kits, to support the delivery of RTPI across the region.
- 58. As at June 2016, the Partnership had committed to 145 digital screen installations in a variety of public buildings within the SEStran area, displaying real time passenger information. The Partnership intends to distribute a further 136 screens during 2016/17 taking the total number of public information screens across the region to 281.
- 59. The Partnership is continuing to encourage the uptake of the real-time system in commercial premises. The trial in the RBS Headquarters at Gogarburn has proved successful and will shortly be in place in their premises at Edinburgh Park. The Partnership is also in discussions with several other businesses at Edinburgh Park, and will continue to actively pursue other businesses in order to generate further income to help support the RTPI scheme in the long term.

60. The June 2016 projects report also outlines progress for a range of other projects, including Thistle Card App, Sustainable Travel Awareness and a number of European projects, most notably CHUMS and Socialcar.

# Appendix 1: Significant audit risks

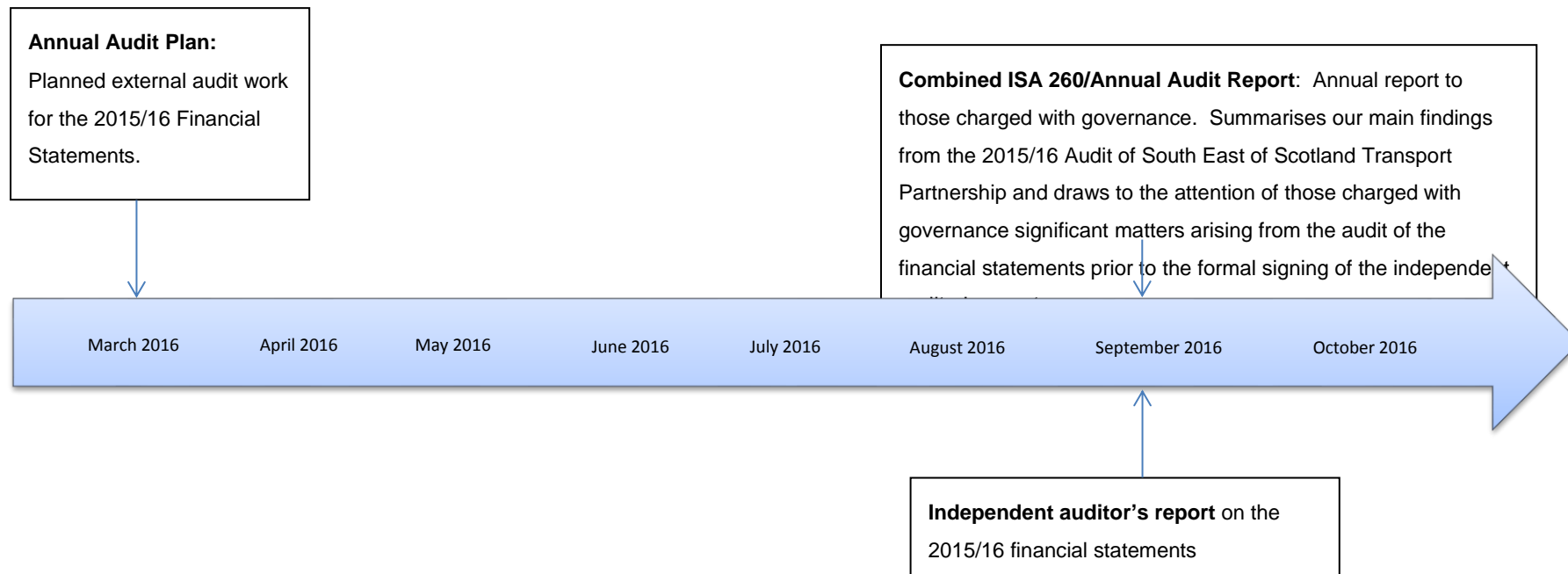
The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk	Assurance procedure	Results and conclusions
<b>Financial statement issues and risks</b>		
<b>Management override of controls:</b> ISA 240 highlights the unique position of management to influence the financial statements by overriding controls that otherwise operate effectively. The ability to override these controls represents a financial statements risk due to fraud.	<ul style="list-style-type: none"> <li>Detailed testing of journal entries</li> <li>Review of accounting estimates for bias</li> <li>Evaluation of significant transactions that are outside the normal course of business.</li> </ul>	<ul style="list-style-type: none"> <li>Journals and estimates reviewed as part of financial statements work</li> <li>No issues identified from testing performed.</li> </ul>
<b>Fraud risk over income:</b> ISA 240 requires auditors to presume a risk of fraud where income streams are significant. The extent and complexity of income means there is an inherent risk that income could be materially misstated.	<ul style="list-style-type: none"> <li>Detailed substantive testing of revenue transactions focusing on identified areas of greatest risk.</li> </ul>	<ul style="list-style-type: none"> <li>Transactions tested as part of financial statements work</li> <li>No issues identified from testing performed.</li> </ul>
<b>Receipt of European funding:</b> Around £63,000 of ERDF funding claimed by the Partnership has been disallowed by the EU. There is a risk that this shortfall in funding	<ul style="list-style-type: none"> <li>Review of board papers and minutes, including future financial plans</li> <li>Comment on financial sustainability within Annual Audit Report.</li> </ul>	<ul style="list-style-type: none"> <li>Reports and minutes reviewed</li> <li>Disallowed expenditure position reported to Partnership Board in March 2016</li> <li>Shortfall represents 2% of RTP1 contract.</li> </ul>

Audit Risk	Assurance procedure	Results and conclusions
impacts adversely on other projects being delivered by the Partnership.		<p>Shortfall contained within wider expenditure plans of Partnership and no material impact on other projects.</p> <ul style="list-style-type: none"> <li>• No issues identified from testing performed.</li> </ul>
<p><b>Re-allocation of salary costs:</b> In the past audit adjustments have been required to correct presentational errors identified in the processing of salary re-charge journals. There is a risk that similar presentational errors in 2015/16 lead to material disclosure errors in the financial statements.</p>	<ul style="list-style-type: none"> <li>• Detailed review of salary recharge journals as part of financial statements work.</li> </ul>	<ul style="list-style-type: none"> <li>• Substantive testing performed on payroll costs within the ledger.</li> <li>• Prior year classification issue highlighted in cashflow presentation, but no issues re core statements.</li> </ul>
<p><b>The Bus Improvement Fund projects:</b> The Bus Improvement Fund projects 2 and 3 are two projects with £500k each of potential funding attached to them. They are both due to be financially 'wound-up' at the end of this financial year. Therefore there is a greater risk of irregular expenditure towards the end of the projects as the pressure to spend the remaining funds increases.</p>	<ul style="list-style-type: none"> <li>• Focused testing on Bus Improvement Fund expenditure as part of financial statements work.</li> </ul>	<ul style="list-style-type: none"> <li>• Substantive review of expenditure as part of financial statements work.</li> <li>• No issues identified from testing performed.</li> </ul>



## Appendix 2: Summary of local audit reports 2015/16



## Appendix 3: Action plan

No.	Para ref.	Issue/risk/Recommendation	Management action/response	Responsible officer / Target date
1.	37	<p><b>Issue</b></p> <p>The Partnership has a number of current projects and potential future project bids that are funded by EU income to various degrees.</p> <p>The Partnership is proceeding on the basis of current advice that the current rights and obligations of EU membership continue to apply and the programmes of funding will continue within their current framework and agreed delivery outcomes.</p> <p>There currently exists a degree of uncertainty around the Partnership's future potential income streams associated with EU projects.</p> <p><b>Recommendation</b></p> <p>The Partnership should regularly revisit and review its estimates of the potential impact of a likely future triggering of Article 50, taking into account the rapidly changing political environment at a Scottish, UK and European level.</p>	<p>EU funding position is included on risk register.</p> <p>Standing item on current EU funding exposure to be included on performance and audit committee agenda over the short term.</p> <p>Quarterly review of Article 50 implications for Partnership funding, with significant developments reported to the board.</p> <p>Future project proposals presented to the Partnership for approval to include an analysis of EU funding stream implications, and any UK government underwriting in place.</p>	<p>George Eckton/Complete</p> <p>George Eckton/Ongoing</p> <p>George Eckton/Ongoing</p> <p>George Eckton/Ongoing</p>



Policy Implications	There are no policy implications arising as a result of this report.
Financial Implications	There are no financial implications arising following issue of an unqualified Audit certificate for the 2015/16 annual accounts.
Race Equalities Implications	There are no race equality implications arising as a result of this report.
Gender Equalities Implications	There are no gender equality implications arising as a result of this report.
Disability Equalities Implications	There are no disability equality implications arising as a result of this report.
Climate Change Implications	There are no climate change implications arising as a result of this report.

# **The South East of Scotland Transport Partnership (SESTRAN)**

## **Audited Annual Accounts**

**2015/2016**

# The South East of Scotland Transport Partnership (SESTRAN)

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# **The South East of Scotland Transport Partnership (SESTRAN)**

## **Management Commentary**

### **1. Basis of Accounts**

The Partnership prepares its Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. The Code of Practice is based on International Financial Reporting Standards (IFRS).

### **2. Statutory Background**

The South East of Scotland Transport Partnership (SESTRAN) was established under the Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005. The Partnership came into force on 1st December 2005. Under Section 3 of the Transport (Scotland) Act 2005, the net expenses of SESTRAN, after allowing for government grant and any other income, are met by its constituent councils.

### **3. Corporate Strategy**

The following is an introductory extract from the Transport (Scotland) Act 2005, which established the Partnership; one of seven Scottish Regional Transport Partnerships (RTPs):

“An Act of the Scottish Parliament to provide for the setting up and functions of the new transport bodies and to enable the Scottish Ministers to discharge certain transport functions; to provide further for the control and co-ordination of road works and for the enforcement of the duties placed on those who carry them out; to set up national concessionary fares schemes; and to make other, miscellaneous modifications of the law relating to transport.”

The Partnership aims to develop a sustainable transportation system for South East Scotland that will enable business to function effectively, and provide everyone living in the region with improved access to healthcare, education, public services and employment opportunities. These aims are embodied in the Regional Transport Strategy (RTS).

The constituent councils of the Partnership are the City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian.

SEStran's Vision Statement is as follows:

“South East Scotland is a dynamic and growing area which aspires to become one of northern Europe's leading economic regions. Essential to this is the development of a transport system which enables businesses to function effectively, allows all groups in society to share in the region's success through high quality access to services and opportunities, respects the environment, and contributes to better health.”

### **4. Risks and Uncertainties**

The principal risks and uncertainties faced by the Partnership fall into two categories.

Firstly, there is the funding uncertainty faced by all local authorities and RTPs. The Partnership has a range of statutory duties to enact. While every attempt is made to do this within the budget provided, budget reductions may make this less achievable resulting in a reduction in the quality of service provided.

The second category relates to changes in legislation leading to changes in the services to be delivered. This can create pressures from both a financial and organisational perspective.

### **5. Results for the Year**

The Partnership is required to present its financial performance as a Comprehensive Income and Expenditure Statement. This can be seen on page 12. However, to show the net position of the Partnership and to allow comparison with the approved revenue budget, it is necessary to adjust the expenditure shown in the Comprehensive Income and Expenditure Statement to take account of a number of items where the statutory accounting requirements differ from the management accounting practice of the Partnership. These adjustments are detailed in Note 18.

# The South East of Scotland Transport Partnership (SESTRAN)

## Management Commentary (Contd.)

### 5. Results for the Year (Contd.)

The approved Revenue budget of the Partnership in 2015/16 was £3.164m. A comparison of the outturn position with the revised budget is summarised below:

	<b>Revised Budget £'000</b>	<b>Outturn £'000</b>	<b>Variance £'000</b>
Core Service	549	544	(5)
Revenue Projects	1,384	1,380	(4)
Capital Project	1,230	1,042	(188)
Interest	1	0	(1)
<b>Total Expenditure 2015/16</b>	<b>3,164</b>	<b>2,966</b>	<b>(198)</b>
Government Grant	(782)	(782)	0
Constituent Council Requisitions	(200)	(113)	87
Other Income - Revenue Projects	(1,044)	(1,157)	(113)
Other Income - Capital Project	(1,138)	(910)	228
Other Income - Conference	0	(5)	(5)
<b>Total Income 2015/16</b>	<b>(3,164)</b>	<b>(2,966)</b>	<b>198</b>

The Partnership incurred core service expenditure of £0.544m which was £5,000 below the revised Core Service revenue budget. Interest paid by the Partnership was £1,000 below budget.

The Partnership incurred net expenditure of £0.223m on revenue projects which was £117,000 under budget. This underspend reflected reduced expenditure on EU Projects (£0.045m) and Other Projects (£0.072m).

The Partnership received unbudgeted income from a conference of £5,000.

The Partnership also incurred expenditure of £1.042m on the RTPI capital project, funded principally by income from bus operators, the Bus Investment Fund and by the Partnership's underspend on the 2014/15 Revenue budget (see below).

Overall the Partnership had an underspend against the revenue budget of £87,000 which the Board, at its meeting on 4th December 2015, agreed would be used to meet future commitments on the RTPI project.

The Partnership carried forward a balance of £29,000 from an underspend on the 2014/15 Revenue budget for the RTPI project. During 2015/16, the Partnership claimed £776,000 from the Scottish Government's Bus Investment Fund in respect of expenditure on the RTPI capital project. The Partnership used both these funding contributions towards the project during 2015/16.

The Partnership spent £633,000 on vehicles, plant and equipment in 2015/16 towards operational equipment for the regional real-time bus passenger travel information system.

### Non Financial Results

SEStran's Real Time Passenger Information (RTPI) programme was further expanded during 2015/16. During this year the system was modified to take RTPI from new ticket machines installed by Stagecoach. The on-bus equipment no longer required by Stagecoach was transferred to the First Scotland, East fleet; therefore all Stagecoach and First Buses operating within the SEStran area are now equipped with the RTPI facility. In addition, almost 150 TV screens, also showing RTPI, have been distributed throughout public buildings in the SEStran region.

SEStran has operated the Sustrans funded Regional Cycle Network Grant Scheme throughout financial year 2015/16 to encourage the development of the cycle network throughout the region. The funding has been used for various projects, including feasibility studies carried out in West Lothian, East Lothian, Fife and Edinburgh. An alternative region wide feasibility study was undertaken by Young Scot by engaging young people - the future users of the network. Infrastructure improvements include lighting projects in East Lothian and Edinburgh and signage improvements in Clackmannanshire and West Lothian. Finally, Falkirk Council installed cycle counters in order to monitor the number of cyclists.

Under the Sustainable Travel Awareness heading, grants of value between £3,000 to £25,000 have been awarded to Scottish Borders Council, Edinburgh University, Edinburgh College and "Changeworks".

Two European projects continued in 2015/16; the first entitled "Chums" and the second "Socialcar", both dealing with car pooling and linking to public transport. A third, mode sharing project entitled "Share-north", was won and initiated during 2015/16.



# The South East of Scotland Transport Partnership (SESTRAN)

## Management Commentary (Contd.)

### 6. Future Developments

On 18th March 2016, the Partnership's Board agreed a revenue budget for 2016/17, which made provision for £0.551m of core service costs and £1.069m of project expenditure in support of Regional Transport Strategy projects. The budget estimates £1.069m of external funding will be available for projects, of which £0.173m is for capital funded projects.

In recognition of the current financial constraints faced by public sector organisations, the 2016/17 budget makes provision for no increase in constituent council requisitions. Council and Scottish Government funding is confirmed for a period of one year. The Partnership is working towards identifying further cashable efficiency savings for 2017/18.

Where adequate funding is not forthcoming to be able to deliver the full RTS, the desired achievements will not be possible or, at best, be delayed.

However, the Partnership has proved to be resourceful in 2015/16 and in previous years in attracting additional funding. The Partnership intends, in future, to continue that trend and will take every opportunity to pursue avenues of potentially available sources of funding.

It is considered appropriate to adopt a going concern basis for the preparation of the Annual Accounts.

Chair of Partnership Board: LESLEY HINDS \_\_\_\_\_ Date signed: \_\_\_\_\_

Partnership Director: GEORGE ECKTON \_\_\_\_\_ Date signed: \_\_\_\_\_

Treasurer: HUGH DUNN, CPFA \_\_\_\_\_ Date signed: \_\_\_\_\_

# **The South East of Scotland Transport Partnership (SESTRAN)**

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Partnership's Responsibilities**

The Partnership is required:

- to make arrangements for the proper administration of its financial affairs and to secure that the proper officer has the responsibility for the administration of those affairs. In this Partnership, that officer is the Treasurer;
- to manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets;
- to ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003);
- to approve the Annual Accounts.

Chair of Partnership

Board:

LESLEY HINDS

Date signed:

### **The Treasurer's Responsibilities**

The Treasurer is responsible for the preparation of the Partnership's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing the Annual Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation;
- complied with the Local Authority Accounting Code (in so far it is compatible with legislation)

The Treasurer has also:

- kept adequate accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Annual Accounts give a true and fair view of the financial position of the Partnership at the reporting date and the transactions of the Partnership for the year ended 31st March 2016.

Treasurer:

HUGH DUNN, CPFA

Date signed:

# The South East of Scotland Transport Partnership (SESTRAN)

## ANNUAL GOVERNANCE STATEMENT 2015/16

### 1. Scope of Responsibility

The South East of Scotland Transport Partnership's aim is to develop a transportation system for South East Scotland, as outlined in the Partnership's Regional Transport Strategy 2008 - 2023.

The Partnership is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for and used economically, efficiently, effectively and ethically. The Partnership also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these overall responsibilities, Elected Members and Senior Officers are responsible for implementing proper arrangements for the governance of the Partnership's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Partnership has approved and adopted a Local Code of Corporate Governance which is consistent with appropriate corporate governance principles and is supported by detailed evidence of compliance, which is regularly reviewed.

This statement explains how the Partnership delivers good governance and reviews the effectiveness of these arrangements. It also includes a statement on internal financial control in accordance with proper practice.

The Partnership's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

### 2. The Partnership's Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Partnership is directed and controlled, and its activities through which it accounts to, engages with and influences the community. It enables the Partnership to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance:

- Focusing on the purpose of the Partnership and on outcomes for the community, and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Partnership and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

A significant part of the governance framework is the system of internal control which is based on an ongoing process designed to identify and manage the risks to the achievement of the Partnership's policies, aims and objectives. These are defined in the Partnership's Business Plan, which is updated annually. This will enable the Partnership to manage its key risks efficiently, effectively, economically and ethically.

# The South East of Scotland Transport Partnership (SESTRAN)

## ANNUAL GOVERNANCE STATEMENT 2015/16 (contd.)

Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

While the system of internal control is designed to manage risk at a reasonable level it cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

### 3. Determining the Partnership's purpose, its vision for the local area and intended outcomes for the Community

The Partnership aims to develop a transportation system for South East Scotland which will enable business to function effectively and provide everyone living in the Region with improved access to health care, education, public services and employment opportunities. The vision for achieving this is outlined in the Regional Transport Strategy.

The Business Plan defines how to implement the aims of this strategy and the Annual Report provides a report of performance against objectives, targets and performance indicators as outlined in the Regional Transport Strategy.

### 4. Review of Effectiveness

The Partnership has put in place arrangements, detailed in the Local Code, for monitoring each element of the framework and providing evidence of compliance. A Principal Officer within the Partnership has been nominated to review the effectiveness of the Local Code and will report annually to the Partnership Board.

The review of the effectiveness of its governance framework including the system of internal financial control is informed by:

- the work of the Internal Auditors and the Head of Internal Audit's Annual Statement on the adequacy and effectiveness of the Partnership's system of internal financial control;
- the Partnership Director's Certificate of Assurance on internal control;
- the operation and monitoring of controls by Partnership managers;
- the External Auditors in their Annual Audit Report and other reports; and
- other inspection agencies comments and reports.

Through the year Elected Members and Officers have responsibility for the development and maintenance of the governance environment. These review mechanisms include:

- **The Partnership Board** provides strategic leadership, determines policy aims and objectives and takes executive decisions not delegated to officers. It provides political accountability for the Partnership's performance.
- **The Performance and Audit Committee** demonstrates the Partnership's commitment to the principles of good governance. It scrutinises the running of the Partnership and suggests improvements.

# The South East of Scotland Transport Partnership (SESTRAN)

## ANNUAL GOVERNANCE STATEMENT 2015/16 (contd.)

### 4. Review of Effectiveness (continued)

- **Internal Audit** provides an independent and objective assurance service to the Partnership by completing a programme of reviews throughout the year, to provide an opinion on the internal control, risk management and governance arrangements of South East of Scotland Transport Partnership.
- **Audit Scotland's Annual Audit Report** is considered by the Partnership Board and the Performance and Audit Committee along with the output from other external audits and inspections.
- **The Risk Management System** requires that risks are regularly reviewed by the Performance and Audit Committee and the Board. This ensures that actions are taken to effectively manage the Partnership's highest risks.
- **The Legal Officer** is responsible to the Partnership for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

### 5. Certification

In compliance with accounting practice, the Treasurer has provided the Partnership Director with a statement on the adequacy and effectiveness of the Partnership's internal financial control system for the year ended 31st March 2016. For the period 4 December 2015 to 31 March 2016, SEStran did not have an appointed chair person, as provided for in the Regional Transport Partnership (Scotland) Order 2005, having appointed a senior vice-chair person for the duration of this period and beyond to 1st July 2016, This matter was identified by Internal Audit in its Annual Report and was fully rectified on 1 July 2016 when Councillor Lesley Hinds was appointed as Chairperson. Given the rectification measures implemented, it is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system.

During the year the Head of Internal Audit reviewed the robustness of the current corporate governance arrangements and systems of internal control and his findings are included in the Head of Internal Audit's Annual Report.

From this year's review there is evidence that the Code is operating effectively with overall compliance by the Partnership in all significant areas of its corporate governance arrangements.

Chair of Partnership  
Board:

LESLEY HINDS

\_\_\_\_\_

Date signed:

\_\_\_\_\_

Partnership Director:

GEORGE ECKTON

\_\_\_\_\_

Date signed:

\_\_\_\_\_

# The South East of Scotland Transport Partnership (SESTRAN)

## REMUNERATION REPORT

### 1. Remuneration Policy for Senior Employees

The Partnership's Board determines initial remuneration for the senior employees with reference to the level of responsibility of the post. The Partnership does not operate a Remuneration Committee.

Annual inflationary increases are based on those agreed by the Scottish Joint Negotiating Committee for Chief Officials of Local Authorities (Scotland).

### 2. Remuneration for Senior Councillors

The Partnership does not provide any remuneration to senior councillors. Expenses paid to Board members are detailed in note 17 to the annual accounts.

### 3. Management of Remuneration Arrangements

The remuneration of the Partnership's employees is managed by the City of Edinburgh Council, as part of a service level agreement with the Partnership.

### 4. Officers Remuneration

The numbers of employees whose remuneration during the year exceeded £50,000 were as follows:

Remuneration Bands	2015/16	2014/15
£50,000 - £54,999	1	1
£85,000 - £89,999	0	1
£90,000 - £94,999	1	0

### 5. Senior Employees Remuneration

The remuneration paid to the Partnership's senior employee is as follows:

Name and Post Title	Salary, Fees and Allowances £'000	Total Remuneration 2015/16 £'000	Total Remuneration 2014/15 £'000
Alex Macaulay - Partnership Director	91	91	88
	91	91	88

The senior employee in the above table has responsibility for management of the Partnership to the extent that he has power to direct or control the major activities of the Partnership (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons.

### 6. Senior Employees Pension Entitlement

The pension entitlement of the Partnership's senior employee is as follows:

Name and Post Title	In-year pension contributions		Accrued pension benefits	
	2015/16 £'000	2014/15 £'000	As at 31 March 2016 £'000	Difference from 31 March 2015 £'000
Alex Macaulay - Partnership Director	19	20	Pension 14	3
			Lump Sum 9	1
	19	20		

The senior employee shown in table above is a member of the Local Government Pension Scheme (LGPS).

# The South East of Scotland Transport Partnership (SESTRAN)

## REMUNERATION REPORT (contd.)

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### 6. Senior Employees Pension Entitlement (contd.)

THE LGPS is a final salary pension scheme.

This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme.

The scheme's normal retirement age for employees is 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contribution rates were set at 6% for all non manual employees.

The tiers and members contributions rates for 2015-16 are as follows:

On earnings up to and including £20,500 (5.5%), on earnings above £20,500 and up to £25,000 (7.25%), on earnings above £25,000 and up to £34,400 (8.5%), on earnings above £34,400 and up to £45,800 (9.5%) and on earnings above £45,800 (12%).

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as consequence of their total Regional Transport Partnership service.

### 7. Exit Packages

Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

There was no payment of any Exit Packages in 2015-16.

All information disclosed in the tables at paragraphs 4, 5 and 6 in this Remuneration Report will be audited by Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the annual accounts.

Chair of Partnership  
Board:

LESLEY HINDS

Date signed:

Partnership Director:

GEORGE ECKTON

Date signed:

# The South East of Scotland Transport Partnership (SESTRAN)

## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on different reserves held by the Partnership, analysed into "Usable Reserves" (that is, those that can be applied to fund expenditure) and "Unusable Reserves". The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Partnership's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Partnership.

### 2014/15 - Previous Year Year Comparative

① Opening Balances at 1 April 2014

② Movement in reserves during 2014/15

Surplus or (Deficit) on Provision of Services  
Other Comprehensive Expenditure and Income

Total Comprehensive Expenditure and Income

③ Adjustments between accounting basis & funding basis under regulations (Note 6)

Net increase/decrease before transfers to Earmarked Reserves

④ Transfers to/from Earmarked Reserves

Increase/Decrease in 2014/15

Balance at 31 March 2015 carried forward

Usable Reserves		Unusable Reserves	Total Partnership Reserves
General Fund Balance	Total Usable Reserves		
£'000	£'000	£'000	£'000
0	0	3,687	3,687
(57)	(57)	0	(57)
0	0	(19)	(19)
(57)	(57)	(19)	(76)
57	57	(57)	0
0	0	(76)	(76)
0	0	0	0
0	0	(76)	(76)
0	0	3,611	3,611

### 2015/16 - Current Financial Year

① Opening Balances at 1 April 2015

② Movement in reserves during 2015/16

Surplus or (Deficit) on Provision of Services  
Other Comprehensive Expenditure and Income

Total Comprehensive Expenditure and Income

③ Adjustments between accounting basis & funding basis under regulations (Note 6)

Net increase/decrease before transfers to Earmarked Reserves

④ Transfers to/from Earmarked Reserves

Increase/Decrease in 2015/16

Balance at 31 March 2016 carried forward

Usable Reserves		Unusable Reserves	Total Partnership Reserves
General Fund Balance	Total Usable Reserves		
£'000	£'000	£'000	£'000
0	0	3,611	3,611
(297)	(297)	0	(297)
0	0	211	211
(297)	(297)	211	(86)
297	297	(297)	0
0	0	(86)	(86)
0	0	0	0
0	0	(86)	(86)
0	0	3,525	3,525



# The South East of Scotland Transport Partnership (SESTRAN)

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2015/16

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded by government grant, council requisitions and other income.

2014/15

2015/16

Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Services	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
2,036	-1,066	970	Highways and Transport Services	3,226	-2,071	1,155
25	0	25	Corporate and Democratic Core	25	0	25
0	0	0	Non Distributed (Gains) / Costs	0	0	0
<b>2,061</b>	<b>(1,066)</b>	<b>995</b>	<b>Cost Of Services</b>	<b>3,251</b>	<b>(2,071)</b>	<b>1,180</b>
0	0	0	Other Operating Expenditure	0	0	0
73	-58	15	Financing & Investment Income (Note 8)	59	-47	12
0	-953	(953)	Taxation and Non-Specific Grant Income (Note 9)	0	-895	(895)
<b>2,134</b>	<b>(2,077)</b>	<b>57</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>3,310</b>	<b>(3,013)</b>	<b>297</b>
			<b>Other Comprehensive Income and Expenditure</b>			
66	0	66	Change in Demographic Assumptions	0	0	0
185	0	185	Change in Financial Assumptions	0	-158	(158)
0	(234)	(234)	Other Experience	0	-28	(28)
2	0	2	Expected Return on Assets	0	-25	(25)
<b>253</b>	<b>(234)</b>	<b>19</b>	<b>Total Other Comprehensive Income and Expenditure</b>	<b>0</b>	<b>(211)</b>	<b>(211)</b>
<b>2,387</b>	<b>(2,311)</b>	<b>76</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>3,310</b>	<b>(3,224)</b>	<b>86</b>

# The South East of Scotland Transport Partnership (SESTRAN)

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Partnership. The net assets of the Partnership (assets less liabilities) are matched by the reserves held by the Partnership. Reserves are reported in two categories. The first category of reserves are usable reserves, that is, those reserves that the Partnership may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The Partnership does not have powers to maintain a usable reserve. The second category of reserves are those that the Partnership is not able to use to provide services. This category of reserves include reserves that hold unrealised gains and losses (for example, the Capital Adjustment Account Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2015 £'000		Notes	31 March 2016 £'000
3,990	Property, plant and equipment	10.1	3,716
<b>3,990</b>	<b>Long term assets</b>		<b>3,716</b>
1,294	Short-term debtors	12	1,204
84	Cash and cash equivalents	13	41
<b>1,378</b>	<b>Current assets</b>		<b>1,245</b>
0	Contributions and Grants Received in Advance		(145)
(1,384)	Short-term creditors	14	(1,102)
<b>(1,384)</b>	<b>Current liabilities</b>		<b>(1,247)</b>
-373	Other long-term liabilities (Pensions)	16.2	(189)
<b>(373)</b>	<b>Long-term liabilities</b>		<b>(189)</b>
<b>3,611</b>	<b>Net assets/ (liabilities)</b>		<b>3,525</b>
	<b>Financed by:</b>		
0	Usable reserves	15	0
3,611	Unusable reserves	16	3,525
<b>3,611</b>	<b>Total reserves</b>		<b>3,525</b>

The unaudited annual accounts were authorised for issue on the 17th June 2016 by the Treasurer to the Board, Hugh Dunn.  
The audited annual accounts were authorised for issue by the Treasurer to the Board, Hugh Dunn on 23rd September 2016.

Treasurer: HUGH DUNN, CPFA

Date signed: \_\_\_\_\_

# The South East of Scotland Transport Partnership (SESTRAN)

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Partnership during the reporting period. The statement shows how the Partnership generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Partnership are funded by way of government grant income, council requisitions and recipients of services provided by the Partnership. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Partnership's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the Partnership.

Re-stated			31 March	31 March
31 March	31 March		2016	2016
2015	2015		2016	2016
£'000	£'000		£'000	£'000
		<b>OPERATING ACTIVITIES</b>		
(885) *		Government Grants	(1,264)	
(200)		Constituent Council Requisitions	(171)	
1		Interest paid/ (received)	1	
(235) *		Other receipts from operating activities	(1,916)	
	<b>(1,319)</b>	<b>Cash inflows generated from operating activities</b>		<b>(3,350)</b>
410		Cash paid to and on behalf of employees	465	
197 *		Cash paid to suppliers of goods and services	2,295	
	<b>607</b>	<b>Cash outflows generated from operating activities</b>		<b>2,760</b>
	<b>(712)</b>	<b>Net cash flows from operating activities</b>		<b>(590)</b>
		<b>INVESTING ACTIVITIES</b>		
638		Purchase of property, plant and equipment	633	
	<b>638</b>	<b>Net cash flows from investing activities</b>		<b>633</b>
		<b>FINANCING ACTIVITIES</b>		
0		Other receipts from financing activities	0	
	<b>0</b>	<b>Net cash flows from financing activities</b>		<b>0</b>
	<b>(74)</b>	<b>Net( increase)/ decrease in cash and cash equivalents</b>		<b>43</b>
	<b>10</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>84</b>
	<b>84</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 13)</b>		<b>41</b>

\* Following review, some elements of prior year income and expenditure within operating activities have been re-classified to ensure consistency with the 2015/16 presentation.

# The South East of Scotland Transport Partnership (SESTRAN)

## 1. STATEMENT OF ACCOUNTING POLICIES

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### 1.1 Accounting Policies

The Annual Accounts summarises the Partnership's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Partnership is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and CIPFA's Service Reporting Code of Practice 2015/16 (SERCOP), supported by International Financial Reporting Standards (IFRS).

The Annual Accounts have been prepared on an historic cost basis.

### 1.2 Accruals of Expenditure and Income

The revenue account has been prepared on an accruals basis in accordance with the Code of Practice. Amounts estimated to be due to or from the Partnership, which are still outstanding at the year end, are included in the accounts. Government Grants have been accounted for on an accruals basis.

### 1.3 Operating Leases

#### *a) Leased-in assets*

Rental payments under operating leases are charged to the Comprehensive Income and Expenditure Statement on a straight line basis over the life of the lease.

#### *b) Leased-out assets*

The Partnership has not identified any leased-out assets that fall under the definition of operating leases.

### 1.4 Overheads

The cost of service in the Comprehensive Income and Expenditure Statement includes the Partnership's overheads.

### 1.5 Charges to the Comprehensive Income and Expenditure Statement for use of non-current assets

Charges are made to the Comprehensive Income and Expenditure Statement for the use of non-current assets, through depreciation charges. The aggregate charge to individual services is determined on the basis of the assets used in each service.

# The South East of Scotland Transport Partnership (SESTRAN)

## 1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

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### 1.6 Employee Benefits

#### Pensions

The Partnership is an admitted body to the Local Government Pension Scheme (LGPS) which is administered by the Lothian Pension Fund. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

The Annual Accounts have been prepared including pension costs, as determined under International Accounting Standard 19 – Employee Benefits (IAS 19). The cost of service in the Comprehensive Income and Expenditure Statement includes expenditure equivalent to the amount of retirement benefits the Partnership has committed to during the year. Pensions interest cost and the expected return on pension assets have been included in the “Surplus or Deficit on the Provision of Services” within the Comprehensive Income and Expenditure Statement.

The pension costs charged to the Comprehensive Income and Expenditure Statement in respect of employees are not equal to contributions paid to the funded scheme for employees. The amount by which pension costs under IAS19 are different from the contributions due under the pension scheme regulations are disclosed in the Movement in Reserves Statement for the General Fund.

Pension assets have been valued at bid value (purchase price), as required under IAS19.

Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

#### Accruals of Holiday Leave

Cost of service includes a charge for annual leave to which employees are entitled, but have not taken as at the Balance Sheet date. The Partnership is not required to raise requisitions on constituent councils to cover the cost of accrued annual leave. These costs are therefore replaced by revenue provision in the Movement in Reserves Statement for the General Fund balance by way of an adjusting transaction with the Accumulated Absence Account.

### 1.7 Non Current Assets

#### a) *Intangible Assets*

Expenditure on assets that have no physical substance but are identifiable and controlled by the Partnership have been capitalised where a benefit of more than one financial year can be established. The balance is depreciated over the economic life of the asset to reflect the pattern of consumption of benefits. Intangible assets have been valued on an historic cost basis.

#### b) *Property, Plant and Equipment*

Property, Plant and Equipment is categorised into the following classes:

- Vehicles, plant and equipment;
- Assets under construction;

#### Recognition:

- Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment has been capitalised on an accruals basis;

# The South East of Scotland Transport Partnership (SESTRAN)

## 1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

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### 1.7 Non Current Assets (contd)

#### *b) Property, Plant and Equipment*

##### **Depreciation:**

- Depreciation is provided on all Property, Plant and Equipment;
- The Partnership does not depreciate its Property, Plant and Equipment in the year of acquisition. Thereafter depreciation is provided on a straight line basis over the expected life of the asset. No depreciation is provided on Assets Under Construction.

##### **Measurement:**

Property, Plant and Equipment are included in the Balance Sheet at the lower of net current replacement cost or net realisable value in existing use, net of depreciation.

### 1.8 Government Grants and Other Contributions

Grants and other contributions relating to non-current assets are credited to a Capital Adjustment Account and written off to the Comprehensive Income and Expenditure Statement in line with the depreciation policy of the related assets.

Where there are conditions attached to capital grants and contributions that have not been met at the Balance Sheet date, the grant or contribution will be recognised as part of the Capital Grants Unapplied Account. Once the condition has been met, the grant or contribution will be transferred from the Capital Grants Unapplied Account and recognised as income in the Comprehensive Income and Expenditure Statement.

### 1.9 Provisions

Provisions are made for liabilities of uncertain timing or amount that have been incurred.

The value of provisions is based upon the Partnership's obligations arising from past events, the probability that a transfer of economic benefit will take place, and a reasonable estimate of the obligation.

### 1.10 Reserves

Reserves held on the Balance Sheet are classified as either usable or unusable. Unusable reserves cannot be applied to fund expenditure. Under the Transport (Scotland) Act 2005, the Partnership does not have the power to operate a General Fund reserve.

The Partnership operates the following unusable reserves:

#### *a) Pension Reserve*

The Partnership operates a Pensions Reserve Fund under the terms of the Local Government Pension Reserve Fund (Scotland) Regulations 2003. The Pension Reserve represents the net monies which the Partnership requires to meet its net pension liability as calculated under IAS 19, Employee Benefits.

# The South East of Scotland Transport Partnership (SESTRAN)

## 1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

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### 1.10 Reserves (contd)

#### **b) Capital Adjustment Account**

The Capital Adjustment Account represents movement in the funding of assets arising either from capital resources such as capital receipts, or capital funded directly from revenue contributions.

#### **c) Accumulated Absences Account**

This represents the net monies which the Partnership requires to meet its short-term compensated absences for employees under IAS19.

### 1.11 Financial Instruments

#### **Financial Assets**

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Surplus funds held on behalf of the Partnership are managed by the City of Edinburgh Council under a formal management agreement in a pooled investment arrangement.

### 1.12 Cash and Cash Equivalents

Cash and cash equivalents include:

- Credit and debit funds held in banks

### 1.13 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Partnership a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Partnership.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### 1.14 Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs.

### 1.15 Events After the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue.

Two types of events can be identified:

- i) those that provide evidence of conditions that existed at the end of the reporting period - the Annual Accounts are adjusted to reflect such events;
- ii) those that are indicative of conditions that arose after the reporting period - the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

# The South East of Scotland Transport Partnership (SESTRAN)

## 1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

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### 1.16 Short term Debtors and short term Creditors

The revenue transactions of the Partnership are recorded on an accruals basis which means that amounts due to or from the Partnership, but still outstanding at the year end, are included in the accounts. Where there was insufficient information available to provide actual figures, estimates have been included.

### 1.17 Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Partnership's financial position or performance.

Changes in accounting estimates are accounted for prospectively; i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## 2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

---

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

This applies to the adoption of the following new or amended standards within the 2016/17 Code:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions).
- Annual Improvements to IFRSs 2010 – 2012 Cycle .
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations).
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation).
- Annual Improvements to IFRSs 2012 – 2014 Cycle.
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative).
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis.

Overall, the above amendments are not expected to have a material impact on the Annual Accounts.

However, in the 2016/17 year the comparator 2015/16 Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement must reflect the new formats and reporting requirements as a result of the Telling the Story review of the presentation of local authority financial statements.



# The South East of Scotland Transport Partnership (SESTRAN)

## 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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In applying the accounting policies set out in Note 1, the Partnership has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Annual Accounts are:

- There is high degree of uncertainty about future levels of funding for local government.  
The Partnership has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Partnership might be impaired as a result of a need to reduce levels of service provision.

## 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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The Annual Accounts contains estimated figures that are based on assumptions made by the Partnership about the future or events that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Partnership's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forth coming financial year are:

### 4.1 Pension Liabilities

#### *Uncertainties*

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Partnership with expert advice about the assumptions to be applied.

#### *Effect if Actual Result Differs from Assumptions*

The effects on the net pensions liability of changes in individual assumptions can be measured.

For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £164,000.

However, the assumptions interact in complex ways. During 2015/16, the Partnership's actuaries advised that the net pensions liability had decreased by £184,000. This is as a result of an increase in the net discount rate over this period, the positive impact of which has outweighed the likely lower than expected asset returns.

## 5. EVENTS AFTER THE BALANCE SHEET DATE

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The Unaudited Annual Accounts were authorised for issue on 17 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following events, which took place after 31 March 2016, as the event provides information that is relevant to an understanding of the Partnerships's financial position, but does not relate to conditions at that date:

- On 25th May 2016, First Scotland East Ltd announced proposals to cease bus operations in East Lothian from 14 August 2016, close depots in North Berwick and Musselburgh and reduce services in the Scottish Borders. The Partnership has equipped approximately 350 buses in the First Scotland East fleet with Real Time Passenger information equipment. At the date of issue of the Unaudited Annual Accounts, there was a degree of uncertainty as to whether this equipment, on a proportion of the fleet yet to be determined following a consultation process, would continue to be operational from 14 August 2016.
- The Partnership's Director, Alex Macaulay, retired on 30 April 2016. The new Partnership Director, George Eckton, was appointed in April and took up his duties on 1 June 2016.

## The South East of Scotland Transport Partnership (SESTRAN)

### 6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Partnership in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Partnership to meet future capital and revenue expenditure.

2015/16	Usable Reserves	Unusable Reserves			
	General Fund Balance	Capital Adjustment Account	Accumulated Absence Account	Pension Reserve	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the <u>Capital Adjustment Account</u></b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Charges for depreciation and impairment of non-current assets	907	(907)			(907)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Contributions credited to the CIES that have been applied to capital financing	(633)	633			633
<b>Adjustments primarily involving the <u>Pensions Reserve</u></b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	85			(85)	(85)
Employer's pension contributions and direct payments to pensioners payable in the year	(58)			58	58
<b>Adjustments primarily involving the <u>Accumulated Absence Account</u></b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(4)		4		4
<b>Total Adjustments</b>	<b>297</b>	<b>(274)</b>	<b>4</b>	<b>(27)</b>	<b>(297)</b>

## The South East of Scotland Transport Partnership (SESTRAN)

### 6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (Contd.)

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Partnership in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Partnership to meet future capital and revenue expenditure.

2014/15	Usable Reserves	Unusable Reserves			
	General Fund Balance	Capital Adjustment Account	Accumulated Absence Account	Pension Reserve	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Charges for depreciation and impairment of non-current assets	675	(675)			(675)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Contributions credited to the CIES that have been applied to capital financing	(638)	638			638
<b>Adjustments primarily involving the Pensions Reserve</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	78			(78)	(78)
Employer's pension contributions and direct payments to pensioners payable in the year	(56)			56	56
<b>Adjustments primarily involving the Accumulated Absence Account</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2)		2		2
<b>Total Adjustments</b>	<b>57</b>	<b>(37)</b>	<b>2</b>	<b>(22)</b>	<b>(57)</b>

# The South East of Scotland Transport Partnership (SESTRAN)

## 7. TRANSFERS TO/FROM EARMARKED RESERVES

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The Partnership does not have powers for an earmarked reserve to be set aside from the General Fund to provide financing for future expenditure plans.

## 8. FINANCING AND INVESTMENT INCOME

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	2015/16 £'000	2014/15 £'000
Interest income on plan assets	(47)	(58)
Pensions interest cost	59	72
Other Interest	0	1
	<hr/>	<hr/>
	12	15
	<hr/>	<hr/>

## 9. TAXATION AND NON SPECIFIC GRANT INCOMES

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	2015/16 £'000	2014/15 £'000
Government Grant	-782	-782
Constituent Council Requisitions	-113	-171
	<hr/>	<hr/>
	-895	-953
	<hr/>	<hr/>

# The South East of Scotland Transport Partnership (SESTRAN)

## 10. PROPERTY, PLANT AND EQUIPMENT

### 10.1 Movements on balances:

#### Movements in 2015/16

Cost or Valuation	Vehicles Plant and Equipment £'000	Assets Under Construction £'000	Property Plant and Equipment £'000
At 1st April 2015	4,734	130	4,864
Additions	633	0	633
Revaluation increases/(decreases) recognised in Revaluation Reserve	0	0	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0
Other movements	130	(130)	0
At 31st March 2016	5,497	0	5,497

#### Accumulated Depreciation

At 1st April 2015	(874)	0	(874)
Depreciation charge	(907)	0	(907)
Depreciation written out to Revaluation Reserve	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0
Derecognition - disposals	0	0	0
Other movements in depreciation	0	0	0
At 31st March 2016	(1,781)	0	(1,781)

#### Net Book Value

· at 31st March 2016	3,716	0	3,716
· at 31st March 2015	3,860	130	3,990

# The South East of Scotland Transport Partnership (SESTRAN)

## 10. PROPERTY, PLANT AND EQUIPMENT (Contd.)

### 10.2 Movements on balances:

#### Comparative Movements in 2014/15

Cost or Valuation	Vehicles Plant and Equipment £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000
At 1st April 2014	3,578	648	4,226
Additions	508	130	638
Revaluation increases/(decreases) recognised in Revaluation Reserve	0	0	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0
Other movements	648	(648)	0
At 31st March 2015	4,734	130	4,864
<b>Accumulated Depreciation</b>			
At 1st April 2014	(199)	0	(199)
Depreciation charge	(675)	0	(675)
Other movements in depreciation	0	0	0
At 31st March 2015	(874)	0	(874)

### 10.3 Depreciation

The following useful lives have been used in the calculation of depreciation:

- Vehicles, plant and equipment: 4 - 5 years

The Partnership does not depreciate its Property, Plant and Equipment in the year of acquisition.

### 10.4 Capital Commitments

Having purchased and stored digital display equipment during 2015/16, work will continue during 2016/17 to roll-out the facility into more public buildings throughout the region, at a cost of £47,000.

It is also intended to bring a number of the smaller operators into the RTP1 system, using SEStran funds of £158,000 to further the develop the system and to encourage investment in the necessary equipment by the operators themselves.

### 10.5 Heritage Assets

The Partnership does not have any heritage assets.

# The South East of Scotland Transport Partnership (SESTRAN)

## 11. FINANCIAL INSTRUMENTS

11.1 The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31st March 2016 £'000	31st March 2015 £'000	31st March 2016 £'000	31st March 2015 £'000
<b>Investments</b>				
Loans and receivables	0	0	1,132	1,196
<b>Borrowings</b>				
Financial liabilities at amortised cost	0	0	984	1,223

11.2 The gains and losses recognised in the Comprehensive Income and Expenditure Account in 2015/16 in relation to financial instruments are made up as follows:

### Income, Expenses, Gains and Losses

	Financial Liabilities measured at amortised cost 31st March 2016 £'000	Financial Assets Loans and receivables 31st March 2016 £'000	Total 31st March 2016 £'000	Financial Liabilities measured at amortised cost 31st March 2015 £'000	Financial Assets Loans and receivables 31st March 2015 £'000	Total 31st March 2015 £'000
Interest expense	0	0	0	1	0	1
Interest income	0	0	0	0	0	0
<b>Net gain/(loss) for the year</b>	0	0	0	1	0	1

### 11.3 Fair Values of Assets and Liabilities

The financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Since all of the Partnership's loans and receivables mature within the next 12 months, the carrying amount has been assumed to approximate to fair value. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2016		31 March 2015	
<b>Financial Liabilities</b>	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Trade creditors	984	984	1,223	1,223
<b>Financial Assets</b>	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and receivables	1,126	1,126	1,196	1,196
Trade debtors	6	6	0	0
	<u>1,132</u>	<u>1,132</u>	<u>1,196</u>	<u>1,196</u>

## The South East of Scotland Transport Partnership (SESTRAN)

### 12. DEBTORS

	31st March 2016 £'000	31st March 2015 £'000
Debtors:		
Central government bodies	768	475
Other local authorities	(3)	0
HM Customs and Excise - VAT	69	55
Other entities and individuals	370	764
	<hr/> 1,204	<hr/> 1,294

### 13. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31st March 2016 £'000	31st March 2015 £'000
Cash held by the Partnership	0	0
Bank accounts	41	84
	<hr/> 41	<hr/> 84

### 14. CREDITORS

	31st March 2016 £'000	31st March 2015 £'000
Central government bodies	(3)	0
Other local authorities	(116)	(164)
Other entities and individuals	(981)	(1,214)
Employee costs	(2)	(6)
	<hr/> (1,102)	<hr/> (1,384)

### 15. USABLE RESERVES

The Partnership does not have statutory powers to operate a usable reserve.



## The South East of Scotland Transport Partnership (SESTRAN)

### 16. UNUSABLE RESERVES

		31st March 2016 £'000	31st March 2015 £'000
16.1	Capital Adjustment Account	3,716	3,990
16.2	Pension Reserve	(189)	(373)
16.3	Accumulated Absence Account	(2)	(6)
		<hr/> 3,525	<hr/> 3,611

#### 16.1 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Partnership as finance for the costs of acquisition, construction and enhancement.

	2015/16 £'000	2014/15 £'000
Balance at 1st April	3,990	4,027
Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
· Charges for depreciation and impairment of non-current assets	(907)	(675)
· Amortisation of intangible assets	0	0
	<hr/> 3,083	<hr/> 3,352
Net written out amount of the cost of non-current assets consumed in year		
Capital financing applied in the year:		
· Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	633	638
	<hr/> 3,716	<hr/> 3,990
Balance at 31st March		

#### 16.2 Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Partnership accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Partnership makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Partnership has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

# The South East of Scotland Transport Partnership (SESTRAN)

## 16. UNUSABLE RESERVES (Contd.)

### 16.2 Pension Reserve (Contd.)

	2015/16 £'000	2014/15 £'000
Balance at 1st April	(373)	(332)
Actuarial losses or (gains) on pension assets and liabilities	0	0
Remeasurements of the net defined benefit liability / (asset)	211	(19)
Reversals of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	(85)	(78)
Employer's pension contributions and direct payments to pensioners payable in the year.	58	56
Balance at 31st March	<u>(189)</u>	<u>(373)</u>

### 16.3 Accumulated Absence Account

The Accumulated Absence Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

	2015/16 £'000	2014/15 £'000
Balance at 1st April	(6)	(8)
Settlement or cancellation of accrual made at the end of the preceding year	6	8
Amounts accrued at the end of the current year	(2)	(6)
Balance at 31st March	<u>(2)</u>	<u>(6)</u>

## 17. MEMBERS EXPENSES

The Partnership paid the following amounts to members during the year:

	2015/16 £'000	2014/15 £'000
Expenses	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

## The South East of Scotland Transport Partnership (SESTRAN)

### 18. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by SERCOP.

However decisions about resource allocation are taken by the Partnership's Board on the basis of budget reports analysed across functions. These reports are prepared on a different basis from the accounting policies used in the Annual Accounts. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement),
- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions) rather than current service cost of benefits accrued in the year,
- expenditure on some support services is budgeted for centrally and not charged to projects

The income and expenditure of the Partnership's principal functions recorded in the budget reports for the year is as follows:

<b>Segmental Income and Expenditure 2015/16</b>	<b>Core Service £'000</b>	<b>Projects £'000</b>	<b>Total £'000</b>
Fees, charges & other service income	0	(2,071)	(2,071)
Interest and investment income	0	0	0
Government grants	(350)	(432)	(782)
Constituent Council requisitions	(200)	0	(200)
<b>Total Income</b>	<b>(550)</b>	<b>(2,503)</b>	<b>(3,053)</b>
Employee expenses	269	0	269
Other service expenses	222	0	222
Support service recharges	53	0	53
Project costs	0	2,509	2,509
<b>Total Expenditure</b>	<b>544</b>	<b>2,509</b>	<b>3,053</b>
<b>Net Expenditure</b>	<b>(6)</b>	<b>6</b>	<b>0</b>
<b>Segmental Income and Expenditure 2014/15</b>	<b>Core Service £'000</b>	<b>Projects £'000</b>	<b>Total £'000</b>
Fees, charges & other service income	0	(1,066)	(1,066)
Interest and investment income	0	0	0
Government grants	(266)	(516)	(782)
Constituent Council requisitions	(200)	0	(200)
<b>Total Income</b>	<b>(466)</b>	<b>(1,582)</b>	<b>(2,048)</b>
Employee expenses	227	0	227
Other service expenses	173	0	173
Support service recharges	54	0	54
Project costs	0	1,594	1,594
<b>Total Expenditure</b>	<b>454</b>	<b>1,594</b>	<b>2,048</b>
<b>Net Expenditure</b>	<b>(12)</b>	<b>12</b>	<b>0</b>

## The South East of Scotland Transport Partnership (SESTRAN)

### 18. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS (Contd.)

#### Reconciliation of Segmental Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of the segmental income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2015/16 £'000	2014/15 £'000
Net expenditure in the Segmental Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Segmental Analysis	285	42
Amounts in the Segmental Analysis not included in the Comprehensive Income and Expenditure Statement *	895	982
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>1,180</b>	<b>1,024</b>

( \* investment income, government grant and Council requisitions are presented differently in the Comprehensive Income and Expenditure Statement )

#### Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of segmental income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2015/16	Segmental Analysis £'000	IFRS Gross Up £'000	Not Reported to Mgmt £'000	Not Included in CIES £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
<b>Reconciliation to Subjective Analysis</b>							
Fees, charges & other service income	(2,071)				(2,071)		(2,071)
Interest and investment income	0			0	0	0	0
Government grants	(782)			782	0	(782)	(782)
Constituent Council requisitions	(200)			200	0	(113)	(113)
Expected return on pensions assets					0	(47)	(47)
	(3,053)	0	0	982	(2,071)	(942)	(3,013)
Employee expenses	269	170	-4		435		435
Other operating expenses	222				222		222
Support services	53				53		53
Project costs	2,509	(170)		(87)	2,252		2,252
Contributions credited to the CIES that have been applied to capital financing			(633)		(633)		(633)
Depreciation			907		907		907
Pensions/ Other interest cost			0		0	59	59
Reversal of employer pension contributions			-58		(58)		(58)
Actuarial valuation of employer pension contributions			73		73		73
	3,053	0	285	(87)	3,251	59	3,310
<b>(Surplus) or Deficit on the provision of service</b>	<b>0</b>	<b>0</b>	<b>285</b>	<b>895</b>	<b>1,180</b>	<b>(883)</b>	<b>297</b>

# The South East of Scotland Transport Partnership (SESTRAN)

## 18. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS (Contd.)

2014/15	Segmental Analysis £'000	IFRS Gross Up £'000	Not Reported to Mgmt £'000	Not Included in CIES £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
<b>Reconciliation to Subjective Analysis</b>							
Fees, charges & other service income	(1,066)				(1,066)		(1,066)
Interest and investment income	0			0	0	0	0
Government grants	(782)			782	0	(782)	(782)
Constituent Council requisitions	(200)		29	200	29	(200)	(171)
Expected return on pensions assets					0	(58)	(58)
	(2,048)	0	29	982	(1,037)	(1,040)	(2,077)
Employee expenses	227	190	(2)		415		415
Other operating expenses	173				173		173
Support services	54				54		54
Project costs	1,594	(190)	(29)		1,375		1,375
Contributions credited to the CIES that have been applied to capital financing			(638)		(638)		(638)
Depreciation			675		675		675
Pensions interest cost			(1)		(1)	73	72
Reversal of employer pension contributions			-56		(56)		(56)
Actuarial valuation of employer pension contributions			64		64		64
	2,048	0	13	0	2,061	73	2,134
<b>(Surplus) or Deficit on the provision of service</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>982</b>	<b>1,024</b>	<b>(967)</b>	<b>57</b>

# The South East of Scotland Transport Partnership (SESTRAN)

## 19. EXTERNAL AUDIT COSTS

The Partnership has incurred the following costs in relation to the audit of the Annual Accounts, certification of grant claims, and statutory inspections and to non-audit services provided by the Partnership's external auditors:

	2015/16 £'000	2014/15 £'000
Fees payable in respect of:		
· external audit services carried out by the appointed auditor for the year	9	9
	<u>9</u>	<u>9</u>

## 20. GRANT INCOME

The Partnership credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16:

	2015/16 £'000	2014/15 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Scottish Government - Revenue Grant	-782	-782
Constituent Council Requisitions (Note 21.3)	-200	-200
	<u>-982</u>	<u>-982</u>
<b>Credited to Services</b>		
EU Grant - Lo Pinod	0	-55
EU Grant - I Transfer	0	-21
EU Grant - Foodport	0	-7
EU Grant - Weastflows	0	-32
EU Grant - CHUMS	-27	-30
EU Grant - NWE Ride	-5	-16
EU Grant - Social Car	-14	0
Bus Investment Fund Grant - RTPI	-768	-578
Contribution - City of Edinburgh Council	-8	-3
Contribution - Midlothian Council	0	-1
Contribution - Fife Council	-2	-4
Contribution - East Lothian Council	-468	-1
Contribution - Scottish Borders Council	-468	-1
Contribution - Perth & Kinross Council	-2	-3
Contribution - West Lothian Council	-14	0
Contribution - Sustrans	-94	-99
Contribution - Hitrans	-1	0
Contribution - Nestrans	-3	0
	<u>-1,874</u>	<u>-851</u>

# The South East of Scotland Transport Partnership (SESTRAN)

## 21. RELATED PARTIES

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The Partnership is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Partnership or to be controlled or influenced by the Partnership. Disclosure of these transactions allows readers to assess the extent to which the Partnership might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Partnership.

### 21.1 Scottish Government

The Partnership receives grant-in-aid revenue funding through the Scottish Government. Grants received from the Scottish Government are set out in the subjective analysis in Note 20.

### 21.2 Members

Members of the Partnership have direct control over the Partnership's financial and operating policies. The total of members' expenses paid by the Partnership in 2015-16 is shown in Note 17.

### 21.3 Other Parties

During the year, the Partnership entered into the following transactions with related parties:

	2015/16 £'000	2014/15 £'000
· Revenue Expenditure - Support Services		
City of Edinburgh Council - Financial Services	23	31
Fife Council - Clerking/ Legal Services	20	21
	<hr/>	<hr/>
	43	52
	<hr/>	<hr/>
· Revenue Expenditure - Other		
City of Edinburgh Council	22	26
Clackmannanshire Council	10	2
East Lothian Council	111	74
Falkirk Council	5	0
Scottish Borders Council	3	0
Scottish Government	3	0
West Lothian Council	25	0
	<hr/>	<hr/>
	179	102
	<hr/>	<hr/>

# The South East of Scotland Transport Partnership (SESTRAN)

## 21. RELATED PARTIES (Contd.)

### 21.3 Other Parties (contd.)

	2015/16 £'000	2014/15 £'000
· Revenue Income - Requisitions		
Clackmannanshire Council	(7)	(7)
East Lothian Council	(13)	(13)
City of Edinburgh Council	(63)	(63)
Falkirk Council	(20)	(20)
Fife Council	(48)	(48)
Midlothian Council	(11)	(11)
Scottish Borders Council	(15)	(15)
West Lothian Council	(23)	(23)
	<u>(200)</u>	<u>(200)</u>
· Revenue Income - Interest on Revenue Balances		
City of Edinburgh Council	0	1
	<u>0</u>	<u>1</u>
· Revenue Income - Other		
Scottish Government	(768)	(578)
Constituent Councils	(29)	(14)
City of Edinburgh Council	(8)	(3)
East Lothian Council	(468)	(1)
Fife Council	(2)	(4)
Midlothian Council	0	(1)
Perth and Kinross Council	(2)	(3)
Scottish Borders Council	(468)	(1)
West Lothian Council	(14)	0
	<u>(1,759)</u>	<u>(605)</u>



# The South East of Scotland Transport Partnership (SESTRAN)

## 21. RELATED PARTIES (Contd.)

### 21.4 Other Parties

The following represents amounts due to/ (from) the Partnership at 31 March 2016, with its related parties.

<b>CREDITORS</b>	<b>2015/16 £'000</b>	<b>2014/15 £'000</b>
· Creditors - Related Parties (Revenue Grants)		
Clackmannanshire Council	(10)	(2)
City of Edinburgh Council	(10)	(15)
East Lothian Council	(25)	(74)
Scottish Borders Council	(3)	0
West Lothian Council	(25)	0
	<u>(73)</u>	<u>(91)</u>
· Creditors - Related Parties (Other)		
City of Edinburgh Council	(23)	(23)
Fife Council	(20)	(21)
Constituent Councils	(87)	(29)
Scottish Government	(3)	0
	<u>(133)</u>	<u>(73)</u>
· Creditors - Other Parties	<u>(983)</u>	<u>(1,220)</u>
Total Creditors	<u>(1,189)</u>	<u>(1,384)</u>
<b>DEBTORS</b>		
· Debtors - Related Parties (Other)		
East Lothian Council	94	0
Scottish Borders Council	94	0
Scottish Government	768	475
West Lothian Council	14	0
	<u>970</u>	<u>475</u>
· Debtors - Other Parties	<u>176</u>	<u>819</u>
Total Debtors	<u>1,146</u>	<u>1,294</u>

## The South East of Scotland Transport Partnership (SESTRAN)

### 22. LEASES

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#### Operating Leases

The Partnership leased an office at Claremont House, 130 East Claremont Street, Edinburgh until 16th February 2016, when the lease was terminated. This lease has been accounted for as an operating lease.

From 8th February 2016 the Partnership took occupancy of Area 3D (Bridge) in Victoria Quay, Edinburgh under the terms of a Memorandum of Terms of Occupation with Scottish Government, which forms part of the Civil Estates Occupancy Agreement (CEOA).

The Partnership is permitted to occupy the space from 8th February 2016 to 7th February 2019 (the Prescribed Term) and so on until ended by either party giving notice under the terms of the CEOA. Both parties will, upon provision of not less than 1 year's prior written notice, have the ability to break this agreement.

The Partnership also has the use of a photocopier under a hire agreement, which has been accounted for as an operating lease. The hire agreement renewal started on 29th August 2015 and is due to expire on 28th August 2016.

The Partnership's contract with MOBIUS Networks for the leasing of SIM cards for the RTPI project which enable the buses to be tracked live on the system, continues into 2016/17.

The Partnership has the option to terminate the lease under no penalty if at least six months notice is given.

The Partnership's expenditure on lease payments during 2015/16 was £66,000 (2014/15 £52,000)

The future minimum lease payments due under non-cancellable leases in future years are:

	2015/16 £'000	2014/15 £'000
· Not later than 1 year	41	30
· Later than 1 year not later than 5 years	0	0
· Later than 5 years	0	0
	<hr/> 41	<hr/> 30

The Partnership has no other material operational leases.

### 23. DEFINED BENEFIT PENSION SCHEMES

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#### 23.1 Participation in Pension Schemes

As part of the terms and conditions of employment of its staff, the Partnership makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until the employees retire, the Partnership has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. As explained in Accounting Policy 1.6, the Partnership is an admitted body to the Local Government Pension Scheme (LGPS) which is administered by the Lothian Pension Fund.

The Partnership participates in:

- A funded defined benefit final salary scheme. This means that the Partnership and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- An arrangement for the award of discretionary post retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

# The South East of Scotland Transport Partnership (SESTRAN)

## 23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

### 23.2 Transactions Relating to Post-employment Benefits

The Partnership recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2015/16 £000	2015/16 £000	2014/15 £000	2014/15 £000
<b>Comprehensive Income and Expenditure Statement</b>				
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	73		64	
Past service costs	<u>0</u>		<u>0</u>	
		73		64
<i>Financing and investment income:</i>				
Net interest expense		<u>12</u>		<u>14</u>
<b>Total post employee benefit charged to the surplus on the provision of services</b>		85		78
<i>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</i>				
Remeasurement of the net defined liability, comprising:				
Return on plan assets, excluding the amount incl. in the net interest expense above.	-25		2	
Actuarial gains and (losses) arising on changes in financial assumptions	-158		185	
Actuarial gains and (losses) arising on changes in demographic assumptions	0		66	
Other experience	<u>-28</u>		<u>-234</u>	
		<u>-211</u>		<u>19</u>
<b>Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement</b>		<u>-126</u>		<u>97</u>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		<u>184</u>		<u>-41</u>
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employer's contributions payable to the scheme		58		56
		<u>58</u>		<u>56</u>

## The South East of Scotland Transport Partnership (SESTRAN)

### 23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

#### 23.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligations in respect of its defined benefit plan is as follows:

	2015/16 £'000	2014/15 £'000
Fair value of employer assets	1,551	1,457
Present value of funded liabilities	(1,740)	(1,830)
Present value of unfunded liabilities	0	0
Net liability arising from defined benefit obligation	(189)	(373)

#### 23.4 Reconciliation of the Movements in the Fair Value of Scheme Assets

	2015/16 £'000	2014/15 £'000
Opening fair value of scheme assets	1,457	1,418
Interest income	47	58
Remeasurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	25	(2)
Contributions from employer	58	56
Contributions from employees into the scheme	19	18
Benefits paid	(55)	(91)
Unfunded benefits paid		
Closing fair value of scheme assets	1,551	1,457

#### Reconciliation of Present Value of the Scheme Liabilities

	2015/16 £'000	2014/15 £'000
Present value of funded liabilities	(1,830)	(1,750)
Present value of unfunded liabilities	0	0
Opening balance at 1st April	(1,830)	(1,750)
Current service cost	(73)	(64)
Interest cost	(59)	(72)
Contributions from employees into the scheme	(19)	(18)
Remeasurement gain / (loss):		
Change in demographic assumptions	0	(66)
Change in financial assumptions	158	(185)
Other experience	28	234
Past service cost	0	0
Benefits paid	55	91
Unfunded benefits paid	0	0
Closing balance at 31st March	(1,740)	(1,830)

## The South East of Scotland Transport Partnership (SESTRAN)

### 23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

#### 23.5 Fair Value of Employer Assets

The following asset values are at bid value as required under IAS19.

	2015/16		2014/15	
	£'000	%	£'000	%
Equity Securities:				
Consumer *	236	15	204	14
Manufacturing *	183	12	171	12
Energy and Utilities *	123	8	146	10
Financial Institutions *	131	8	120	8
Health and Care *	103	7	99	7
Information technology *	93	6	91	6
Other *	89	6	65	4
Sub-total Equity Securities	959		896	
Debt Securities:				
Corporate Bonds (investment grade) *	0	0	0	0
Corporate Bonds (non-investment grade) *	0	0	0	0
UK Government *	100	6	85	6
Other *	39	3	36	2
Sub-total Debt Securities	139		121	
Private Equity:				
All *	17	1	0	0
All	50	3	169	12
Sub-total Private Equity	68		169	
Real Estate:				
UK Property	133	9	95	7
Overseas Property	0	0	15	1
Sub-total Real Estate	133		110	
Investment Funds and Unit Trusts:				
Equities *	0	0	16	1
Equities	0	0	0	0
Bonds *	4	0	4	0
Bonds	8	1	0	0
Commodities *	4	0	5	0
Commodities	0	0	0	0
Infrastructure *	9	1	9	1
Infrastructure	95	6	0	0
Other *	0	0	5	1
Other	37	2	5	0
Sub-total Investment Funds and Unit Trusts	157		44	
Derivatives:				
Foreign Exchange *	0	0	2	0
Sub-total Derivatives	0		2	
Cash and Cash Equivalents				
All *	96	6	115	8
Sub-total Cash and Cash Equivalents	96		115	
Total Fair Value of Employer Assets	1,551		1,457	

*Scheme assets marked with an asterisk (\*) have quoted prices in active markets.*

# The South East of Scotland Transport Partnership (SESTRAN)

## 23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

### 23.6 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years which are dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries and are based on the latest formal valuation of the scheme as at 31 March 2014.

The principal assumptions used by the actuary have been:

	2015/16	2014/15
Long term expected rate of return on assets in the scheme:		
· Equity investments	4.9%	17.2%
· Bonds	4.9%	17.2%
· Property	4.9%	17.2%
· Cash	4.9%	17.2%
Mortality assumptions - longevity at 65 for current pensioners:		
· Men	22.1 years	22.1 years
· Women	23.7 years	23.7 years
Mortality assumptions - longevity at 65 for future pensioners:		
· Men	24.2 years	24.2 years
· Women	26.3 years	26.3 years
Pension increase rate	2.2%	2.4%
Salary increase rate (see below)	4.2%	4.3%
Discount rate	3.5%	3.2%

Note: The salary increases are assumed to be 1.25% p.a. until 31 March 2016, reverting to the long-term assumption shown thereafter.

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2016 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

For example, to quantify the uncertainty around life expectancy, the Actuary has calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption and changes in some of the assumptions may be interrelated.

Change in assumptions at 31 March 2016	Approximate % Increase to Employer	Approximate Monetary Amount £'000
0.5% decrease in Real Discount Rate	9.0%	164
1 year increase in member life expectancy	3.0%	52
0.5% increase in the Salary Increase Rate	2.0%	34
0.5% increase in the Pension Increase Rate	7.0%	128

## The South East of Scotland Transport Partnership (SESTRAN)

### 23. DEFINED BENEFIT PENSION SCHEMES (Contd.)

#### 23.7 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2017

	Assets £000	Obligations £000	Net (liability) / asset £000	% of pay
Current service cost	0	-63	-63	(24.4%)
Past service cost including curtailments	0	0	0	0.0%
Effect of settlements	0	0	0	0.0%
Total Service Cost	0	-63	-63	(24.4%)
Interest income on plan assets	55	0	55	21.3%
Interest cost on defined benefit obligation	0	-61	-61	(23.6%)
Total Net Interest Cost	55	-61	-6	(2.3%)
Total included in Profit or Loss	55	-124	-69	(26.7%)

SESTRAN's estimated contribution to Lothian Pension Fund for 2016/17 is £58,000.

### 24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Partnership's activities expose it to a variety of financial risks:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Partnership.
- Liquidity risk - the possibility that the Partnership might not have funds available to meet its commitments to make payments.
- Re-financing risk - the possibility that the Partnership might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Partnership as a result of changes in such measures as interest rate movements.
- Price risk - the possibility that fluctuations in equity prices has a significant impact on the value of financial instruments held by the Authority. This is considered immaterial because the Authority does not generally invest in equity shares.
- Foreign exchange risk - the possibility that fluctuations in exchange rates could result in loss to the Partnership.

Treasury Management is carried out on the Partnership's behalf by the City of Edinburgh Council.

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The Council complies with the CIPFA Prudential Code, and has adopted the CIPFA Treasury Management in the Public Services Code of Practice.

#### **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Partnership's customers.

The Partnership's surplus funds not immediately required to meet expenditure commitments are held with the City of Edinburgh Council, and the Partnership receives interest on revenue balances on these monies. Since the Partnership's surplus funds are held with the City of Edinburgh Council, the counterparty default exposure is effectively nil.

All Partnership invoices become due for payment on issue, and all trade debtors are overdue less than a month.

Collateral - During the reporting period the Partnership held no collateral as security.

## The South East of Scotland Transport Partnership (SESTRAN)

### 24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Contd.)

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#### ***Liquidity risk***

The Partnership is also required by statute to provide a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The arrangement with the City of Edinburgh Council ensures sufficient liquidity is available for the Partnership's day to day cash flow needs.

The Council manages the Partnership's liquidity position through the risk management procedures above as well as through cash flow management procedures required by the Code of Practice.

#### ***Refinancing risk***

The Partnership has only a small level of surplus funds and no long term debt. The refinancing risk to the Partnership relates to managing the exposure to replacing financial instruments as they mature. As such, the Partnership has no refinancing risk on its liabilities.

The Partnership has no investments with a maturity greater than one year.

#### ***Market risk***

##### **Interest rate risk**

The Partnership is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on an organisation, depending on how variable and fixed interest rates move across differing financial instrument periods.

For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- borrowings at fixed rates - the fair value of the liabilities borrowings will fall;
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates - the fair value of the assets will fall.

The Partnership currently has no borrowings. Changes in interest receivable on variable rate investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. However, all investments currently have a maturity of less than one year and the fair value has therefore been approximated by the outstanding principal.

The Partnership's surplus funds are held with the City of Edinburgh Council.

The Council's Treasury Management Team continue to monitor market and forecast interest rates during the year and adjust investment policies accordingly.

#### ***Price risk***

The Partnership does not invest in equity shares.

#### ***Foreign exchange risk***

As at 31 March 2016, the Partnership had no financial assets subject to foreign exchange risk.

### 25. SESTRAN Limited

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The Partnership incorporated a wholly-owned limited company - SESTRAN Limited - on 22 January 2010. The company has yet to commence the provision of services and there are no transactions to record for the purposes of preparing Group Accounts.



# **INDEPENDENT AUDITOR'S REPORT**

## **Independent auditor's report to the members of South East of Scotland Transport Partnership and the Accounts Commission for Scotland**

I certify that I have audited the financial statements of South East of Scotland Transport Partnership for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash-Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of the Treasurer and auditor**

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the South East of Scotland Regional Transport Partnership and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view, in accordance with applicable law and the 2015/16 Code of the state of the affairs of South East of Scotland Transport Partnership as at 31 March 2016 and of the income and expenditure of the Partnership for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

# INDEPENDENT AUDITOR'S REPORT

## Opinion on other prescribed matters

In my opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Stephen O'Hagan

Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

September 2016

## **European Union Referendum**

### **1. INTRODUCTION**

- 1.1 Following the UK's referendum on EU membership and the majority of votes resulting in an outcome for the UK to leave the European Union, officers have been investigating the potential implications for SEStran in terms of legislation. However, initially the primary focus has been on the potential impact on a number of existing and planned projects.
- 1.2 The decision to invoke Article 50 of the EU treaty, ending the UK's membership of the EU, is without clear legal precedence in terms of leaving the EU. Whilst Norway held a referendum in 1994 on EU membership, this was a vote about joining rather than leaving the EU, and since 1994 they have been part of the Single Market through the European Free Trade Agreement (EEA).

### **2. FUNDING PROGRAMMES**

- 2.1 As outlined at the June 2016 Board meeting, SEStran is engaged in the following current or planned projects via EU programmes.
  - Regio-Mob INTERREG - Europe
  - CHUMS Intelligent Energy Europe
  - Socialcar Horizon 2020
  - Share North Interreg - North Sea Region

These have the potential to deliver over £0.5m recharge to the SEStran budget.

- 2.2 In addition, SEStran is pursuing further bids for projects, as follows:
  - 2.2.1 SURFLOGH (Interreg, North Sea Region) which relates to the creation of logistics hubs to improve the sustainability of urban freight distribution and the result of the Stage 2 submission should be known by early October. SEStran's share of the project budget is approximately £350k over 3 years, with a 50% EU contribution.
  - 2.2.2 SCRIPT (Interreg, North West Europe) is focussing on carbon reduction in port related transport and a Stage 1 submission is planned for November this year.  
SEStran is also in discussion with Napier University's Transport Research Institute (TRI) and University of Leeds Institute of Transport Studies (ITS) to take forward opportunities within the EU's Horizon 2020 programme.
- 2.3 In previous years, SEStran has been successful in bidding for the following projects:
  - Lo Pinod
  - Itransfer
  - Foodport

- Weastflows
- Dryport
- Nweride

The income from these projects totalled £806,112.

- 2.4 The scale of financial recharges from EU programmes are highlighted to the Board, ahead of the annual Budget planning paper tabled to the December Board meeting. The decision to leave the EU presents a clear risk to the budget of SEStran in future years and regular reports will be provided to the Performance and Audit Committee and SEStran Board.

### **3. ELIGIBILITY**

- 3.1 In terms of Horizon 2020 and INTERREG programmes, the view of the EU and UK currently is that the referendum result has no immediate effect on those organisations applying to or participating in programmes. UK participants can continue to apply to the relevant programmes in the usual way. The future of UK access to funding programmes will be a matter for future discussions. However, according to the Treaties which the UK has ratified, EU law continues to apply to the full and in the UK until it is no longer a Member.
- 3.2 The Chancellor of the Exchequer last month outlined a need for certainty for those organisations involved in multi-year projects funded by the European Structural and Investment Funds (ESIFs). The Treasury have provided assurance that all multi-year projects with signed contracts or funding agreement in place and projects to be signed in the ordinary course of business before the UK Autumn Statement, will be fully funded, even when these projects continue beyond the UK's departure from the EU.
- 3.3 The Treasury at the same time also moved to provide assurance to UK organisations bidding for competitive funds with EU country partner organisations such as Horizon 2020 projects, which SEStran have participated in the past in and have emerging discussions with partners to do so again. The EU Commission have been clear that the referendum result does not change eligibility of these funds and that UK organisations should continue to bid while we remain an EU member. The Treasury has confirmed that on these funds, as with ESIF funds, they will underwrite the payment of such awards, even when specific projects continue beyond the UK's departure from the EU.

### **4. NEXT STEPS**

- 4.1 The next steps are uncertain until the UK and the EU have negotiated a position for governing how the UK leaves the EU and what if any funding programmes or legislation continue to apply to the UK. Clearly the process could take a significant time period and at present the UK is still a full member of the EU with all the associated rights and obligations.
- 4.2 The clear advice from various funding bodies is that all current project contracts are still valid for UK beneficiaries and UK participants can continue to apply in the same way. There has been reassurance from the UK Government in mid-August around the eligibility of access to certain

funds, which is welcomed given SEStran's use of certain funds at present and previously submitted applications or pending bids.

- 4.3 Following the conclusion of the Article 50 political negotiation process, it may be that the UK could adopt, from a range of possible scenarios, the ability such as Norway has currently, to participate in EU INTERREG projects but without the match funded element being financed by the EU and having to be borne solely from UK funds.
- 4.4 Also, dependent upon the negotiation on the UK's trading agreement with the EU, if it retains membership of the EEA depending upon which of the EU regulations the UK is required to still implement to secure access to the Internal Market.
- 4.5 SEStran will continue to be proactive in its lobbying through various channels to ensure continuity of access to EU Funds going forward to 2020 and beyond.

## **5. TRANSPORT: POST BREXIT**

- 5.1 With reference to a House of Commons Briefing Paper (No. 07213), link below, the following is evident:  
The EU established a Common Transport Policy (CTP) and it encompassed, in particular, Economic, Social, Environmental, Infrastructure and External Relations, affecting all modes.
- 5.2 The effect of the withdrawal will very much depend on the extent of the existing EU standards and regulations the UK wishes to apply in its transport sector. In many cases, however, they are likely to be similar due to the UK's role in establishing the standards within the EU, originally. Broadly, it is suggested that the post Brexit arrangements will not differ much from where they are now but this will remain uncertain until greater maturity emerges from the negotiations, which are yet to start.

[researchbriefings.files.parliament.uk/documents/CBP-7213/CBP-7213.pdf](https://researchbriefings.files.parliament.uk/documents/CBP-7213/CBP-7213.pdf)

## **6. CONCLUSION**

- 6.1 The outcome of the Article 50 negotiations could have an impact on the legislation we are required to transpose into UK law and also an impact on the number of current EU funding programmes accessible to bodies such as SEStran. However, at this stage it is difficult to say with any certainty what the range and scale of impacts will be. A political negotiation process between the UK and EU has started but is likely to take a number of years to conclude with certainty over its wider impacts on law and funding.
- 6.2 The Advice SEStran has received via Scotland Europa is that until there is clear certainty on a number of matters, the current rights and obligations of EU membership continue to apply and the programmes of funding will continue within their current framework and agreed delivery outcomes.

## **7. RECOMMENDATIONS**

- 7.1 The Committee are asked to comment upon the potential impact of invoking

Article 50 and leaving the European Union on the SEStran budget and the proposal for underwriting of projects; and

- 7.2 Agree that further reports will be tabled to the Committee and Board when further clarity is available and it will remain a key issue on the SEStran risk report.

George Eckton  
**Partnership Director**  
September 2016

Jim Grieve  
**Head of Programmes**

Policy Implications	Potential future impact on policy and legislative aspects of EU Directives in Scots law.
Financial Implications	Potential for a significant impact in the medium/long-term on match-funding contributions to the SEStran budget.
Race Equalities Implications	None
Gender Equalities Implications	None
Disability Equalities Implications	None
Climate Change Implications	None

## **SEStran Review of Governances Structures**

### **1. INTRODUCTION**

- 1.1 Further to the June 2016 Board Review of Governance Documentation report, the Partnership Director has undertaken an initial desk review of the current consultative structure of SEStran regarding its forum and officer groups.
- 1.2 As the June 2016 paper indicated, the current committee structure consists of the Performance and Audit Committee, which reports to the Partnership Board. There is no suggestion of change to this structure and it certainly is a clear mechanism for transparency and audit of the Partnership's policies.
- 1.3 However, SEStran has a number of consultative forums on Bus, Rail, Air and Sustainable Transport, alongside an Access to Healthcare Forum, a Freight Quality Partnership, a Chief Officers Liaison Group and an Equalities Forum.
- 1.4 The purpose of the paper is to seek an initial discussion with the members on their views on the current SEStran forum structures and seek their agreement to engage with the wider stakeholder community over the next 2-3 months, if deemed necessary. This would be a starting point for a discussion of the current context for SEStran and the needs of the organisation moving forward.
- 1.5 The paper also seeks members views or agreement on the principles and context of any review deemed necessary, the current capacity of the organisation, and its focus as an entity over the short, medium and long term and where we should be identifying areas for further development. Alongside, the agreement of a broad timetable for the process of initiating the review and subsequently implementing any of the agreed recommendations.
- 1.6 This would enable a final proposal to be tabled to the Board in December 2016, outlining the structural landscape of forums for SEStran to service the delivery of emerging proposals for the SEStran area and the delivery of a new Regional Transport Strategy 2016-2018.

### **2. DISCUSSION**

- 2.1 An initial high-level desk review of the forums work highlights that a number of meetings have few substantive items serviced by reports, have a difficulty in servicing a clear action programme of work and the majority of some forums work is focussed on verbal discussion at each meeting with limited actions proposed between meetings.

- 2.2 Chief Officers of SEStran councils have also indicated an issue of resourcing in terms of staff time the number of forums, in terms of attendance and travel time for multiple meetings and have suggested that structures should be tailored, in order to be dynamic to existing needs and resourcing constraints. The suggestion is that an integrated forum(s) is progressed with the additional benefit of a reduction of meeting related expenses and catering.
- 2.3 Clearly, before progressing to any conclusion, it will be important to engage with the stakeholders currently members of the present forums in a different manner if any subsequent change is agreed as part of the review. Any change may in itself enable a strategic discussion and input into RTS outcomes, by servicing a streamlined stakeholder group combining a number of different thematic interests together to discuss and debate the development of the new RTS for the SEStran area.
- 2.4 At a time of tightening of resource across the public sector as a whole, it is proposed to that SEStran should seek to prioritise existing and potentially future diminished resources on the key outcomes of our statutory duties and a focussed programme of outcomes stakeholders wish delivered.
- 2.5 The present number of forums and groups require a significant amount of administration and sometimes report development work from the SEStran core team. It is questionable to the Partnership Director from an initial investigation and informal responses from stakeholders what outcomes they produce to deliver best value in terms of directly furthering the achievement of the objectives of the RTS or other statutory requirements of SEStran.
- 2.6 The notable expectations being the Equalities Forum which facilitates the achievement of our duties under the Equality Act 2010 and has delivered in recent years tangible outcomes for the SEStran and wider area. In addition, the Chief Officers forum enables professional input of council officers into the preparation of SEStran Board papers. However, both group's membership and ways of working could evolve further as part of any review process.
- 2.7 In terms of the Equalities Forum, SEStran and partners could reach out further to those people or groups who represent such individuals who have protected characteristics across the whole spectrum of the public sector equality duty. For example: age, disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation, as they are relevant to the statutory duties of SEStran and the achievement of the RTS objectives.
- 2.8 In terms of the Chief Officers forum, it seems a forum with a clear opportunity for developing a key stakeholder lead input to the work of the Board. However, it's scheduling just before papers are finalised for a subsequent Board meeting, gives the potentially wrong impression. That being that it's a forum for SEStran officers to inform or tell council officers of the agenda, rather than as a forum of co-production of an agenda and work programme focussed and framed around the needs of key funders and primary stakeholders.



- 2.9 This would appear to be an area where the forum should be retained but with a change in timing, focus and governance of the group. On timing the forum could meet 4/5/6 weeks prior to a Board meeting and seek to proactively discuss and set the agenda through debate with the Partnership Director on key topics for the forthcoming Board. It could focus discussion more on the requirements of constituent councils rather than an agenda generated primarily by SEStran officers. At the last meeting in August Chief Officers agreed that these changes would be welcomed.

### **3. OPPORTUNITY FOR CHANGE**

- 3.1 In discussion with a number of partners and stakeholders over the last few months, whilst it has been recognised that the forums provide an opportunity for important discussion, it is questionable if that alone is enough to continue with the present arrangement of structures given the lack of actions emerging from each group to drive forward a distinct agenda for each forum.
- 3.2 With the advent of a completely new RTS it would appear an opportune time for a revised structure. Also, as the members will be aware from the June 2017 Board paper, SEStran are proposing an EU INTERREG project “Regio-Mob” with a number of European partners and this requires the creation of a Stakeholders Group to input to the development of a new Transport Strategy instrument. This has met and discussed the new RTS twice over the summer following an initial inception meeting and it is proposed that this group could be the focus of our stakeholder engagements on the RTS over the next 2 years. At the point of concluding and agreeing the new RTS, again the Board may wish to reflect on whether a different landscape of forums is required to drive forward the desired RTS.
- 3.3 In terms of the Partnership Director’s initial view to frame and start debate at present, a proposal could be to solely retain the Equalities Forum. Secondly, revise the role, remit and relationship of the Chief Officers Forum. Thirdly, building upon the “Regio-Mob” stakeholder group, form a wider RTS Forum looking at the integrated needs of the different transportation sectors of the SEStran area. There may be the need for discussions with ScotRail about them providing resource for the retention of a Rail forum, if that’s a requirement for them through their franchise agreement. This would then mean the rest of the forums integrating into a wider broad focus meetings.
- 3.4 Within the context of the Edinburgh City Region Deal, there are emerging specific pieces of work that constituent councils wish SEStran to progress around the move towards a Passenger Transport Authority and work set up a Transport Appraisal Group for City Deal projects. The progression of these priority projects would seem to suggest to the Partnership Director the clear need at this time to tailor structures in the short-term to be dynamic to the emerging needs of SEStran and partners. The added context at present is the related City Deal objective of the integration of strategic regional planning for land-use, transport, housing and economic

development, again this will have resource implications and need for appraisal of structures to ensure a best-fit administrative support structure.

#### **4. LIAISON WORKING GROUP REVIEW**

- 4.1 The outcomes of the initial desk review may be a starting point for discussion, however, a wider engagement with stakeholders is required to find out what has worked to date in their view and what improvements/changes could be made. This information would then be collated and distilled to identify key themes, perceived gaps and weakness in consultative forums at present and examine possible solutions. The final output could be informed by a small workshop of officers to examine the existing structure and best way forward. This could provide a report to the Board in December.
- 4.2 However, given the number of years experience with the current structures, members may feel that with the advent of a new RTS, that there is enough qualitative experience to debate to give serious consideration to the Partnership Director's initial view of the need for change in the structures of SEStran.

#### **5. PRINCIPLES**

- 5.1 If members wish to progress with a more structured quantitative approach to reviewing the current forms of stakeholder liaison and input to SEStran it would be appropriate for the members to agree a terms of reference/set of principles to be adopted to frame the review.

The workshop would be part of Stage 1 of any review establishing the requirements of SEStran consultation with stakeholders, reviewing the current evidence base and structures. This could be undertaken quickly, allowing officers to reconsider their current recommendations for immediate change. This could then allow further recommendations to be made for future structures, based on analysis against a number of principles e.g.:

- Universal
- Effective
- Proportionate
- Transparent
- Responsive; and
- Cost effective

- 5.2 This is just an initial list to start a debate on set principles if this is a route that members wish to pursue in reviewing in detail SEStran current forums prior to the conclusion of a review and the implementation of any proposed change.

#### **6. CONCLUSION**

- 6.1 The paper seeks members comments on the need to review, enhance and potentially consolidate the current set of stakeholder liaison forums operated by SEStran within its wider governance and liaison framework. The paper asks for members initial views on the basis on which SEStran should progress its consultation with a clear recommendation from the Partnership Director and Chief Officers for the need to tailor current structures to meet the dynamic needs of present work as soon as possible.

George Eckton  
**Partnership Director**  
September 2016

Policy Implications	None
Financial Implications	Potential to reduce the amount of officer time and financial resource spent on stakeholder engagement, whilst providing an integrated and inclusive forum.
Race Equalities Implications	Proposal would seek to retain or mainstream equalities policy development.
Gender Equalities Implications	Proposal would seek to retain or mainstream equalities policy development.
Disability Equalities Implications	Proposal would seek to retain or mainstream equalities policy development.
Climate Change Implications	The proposed review of forums would reduce the number of meetings, reducing the travel associated with SEStran activities in line with our Climate Change Duties as a public body.

## **Review of Policies**

### **1. INTRODUCTION**

- 1.1 As indicated in the Governance Review paper to the June 2016 Performance and Audit Committee, the Partnership Director, Office Manager and SEStran's HR advisers at Falkirk Council have carried out an initial review of all the HR policies over the summer and identified those policies in need of prioritisation for review this year.
- 1.2 This review has presented the opportunity for a number of policies to be updated or brought into line with those of SEStran's constituent councils and other relevant comparator bodies such as other Regional Transport Partnerships.

### **2. BACKGROUND**

- 2.1 Discussions with SEStran's HR Advisors in July 2016 have highlighted that a number of policies would benefit from review at present. The relevant policies are:
  - Flexible Working Policy
  - Smoking Policy
  - Home Working Policy
  - Training Policy
  - Recruitment Policy

Copies of the policies are included as annexes to this paper, with the proposed amendments highlighted for the Committee's attention.

### **3. REVISIONS TO POLICIES**

- 3.1 The most significant change has been the inclusion of a Flexitime hours of work recording system within a revised Flexible Working Policy and also cross-referencing within this policy to the Home Working Policy. The Flexitime element of the policy has been piloted over the period of June-September and has been well received by staff and from a managerial perspective has had a positive impact on outcomes and helping employees, in line with other SEStran policies, maintain a clear work life balance. It is proposed following final stages of consultation with staff that the Performance and Audit Committee agree to the formal introduction of the scheme. To be clear to Members, the existing terms and conditions of all staff have outlined a "bandwidth" of 7am-8pm in terms of SEStran's generic statement of particulars issued and amended accordingly to all staff. Therefore, the employees of SEStran have always contractually had the ability to work flexibility as part of their contract but the introduction of a flexitime system is a mechanism for accurate recording of time worked.
- 3.2 The new SJNC Scheme of Salaries and Conditions of Service for Chief Officials came into effect from 1 April 2014. SEStran's HR Advisers have

reviewed the standard operating procedures and cannot identify anything that states Chief Officer's cannot access flexible working. The SEStran flexible working policy did not stipulate that it was not accessible to all staff prior to the recent amendments. Other authorities have recognised access to Flexible Working for Chief Officials in line with the equalities perspective whilst continuing to recognise that chief officials will work a significant amount of additional hours in accordance with their terms and conditions. The Committee are asked to approve the policy amendments and its clear implementation from this point forward.

- 3.3 The Flexible Working Policy and Flexible Working scheme will be periodically reviewed and amended as necessary in light of operational requirements and performance monitoring.
- 3.4 The Home Working policy has been updated to reflect good practice around confidentiality and hours of work agreements.
- 3.5 The Smoking Policy has been updated to reflect the increasing use of e and vapour cigarettes in line with regular cigarettes and are prohibited in all SEStran premises.
- 3.6 The Recruitment policy has been updated in terms of eligibility to work in the UK and Baseline Personnel Security Standards, as well as other highlighted minor amendments and amendments to our standard application and monitoring forms.
- 3.7 The Training Policy has been substantially re-written, now entitled Learning and Development Policy, given the previous policy was very concise and lacking in detail about how employees should request training and SEStran's responsibilities to provide training and operate a continuous developmental culture. Member's comments on this new policy would be welcomed.
- 3.8 The review of the Equality and Diversity Policy is subject to greater detail within a wider Equality paper as part of this agenda but the current policy includes an annual report to be produced. There hasn't been an annual report provided to the Committee or Board since the inception of the policy. As there is no legal requirement to report annually it is proposed that as part of the review of this policy that this aspect of it is removed. SEStran, as the separate report highlights, has equality outcome reporting requirements under the Equality Act and this will become the focus of our corporate reporting and transparency moving forward.
- 3.9 SEStran officers and our HR Advisers at Falkirk Council have agreed that in future all SEStran's policies will be reviewed on a staggered basis on a multi-year cycle unless there is a need for immediate implementation of a relevant change in legislation.
- 3.10 Previously a number of SEStran policies have contained a reference to annual reporting or review of performance by the Performance and Audit Committee. For example, the home working, smoking and mobile phones/driving policies have never been reported to the Committee despite having within them a statement of an annual reporting requirement. The rationale presumably has been there has been little or nothing to report.

Therefore, it is proposed that the individual policy requirements for an annual report are removed and replaced with a collective generic annual report on relevant amendments to policies.

- 3.11 Whilst the work on reviewing the policies on a periodic basis has been ongoing since the creation of SEStran as a statutory body, the annual review or reporting on policy implementation has not been brought regularly to this Committee. It is proposed that a collective annual report reviewing HR policies implementation and revisions should be tabled to the September/Autumn meeting of this Committee.

#### **4. RECOMMENDATIONS**

- 4.1 The Committee is asked to comment, discuss and agree the amendments proposed to the relevant SEStran policies.
- 4.2 Agree with the proposal that an annual update paper on this matter is in future years brought to the September meeting as a standing item, with any further additional papers tabled to other Committee dates as required as revisions are required.
- 4.3 The Committee are also asked to agree that all aspects of the policies apply to all SEStran employees including Chief Officers.

George Eckton  
**Partnership Director**

Lynn McKenzie  
**HR Adviser**

**9 September 2016**

#### **Appendices**

1. Flexible Working Policy
2. Smoking Policy
3. Home Working Policy
4. Learning and Development Policy
5. Recruitment Policy

Policy Implications	The proposed revisions bring SEStran's policies into line with recent changes in legislation and reflect best practice.
Financial Implications	Costs are budgeted for in this year's budget.
Race Equalities Implications	The proposed revisions bring SEStran's policies into line with recent changes in legislation and reflect best practice.
Gender Equalities Implications	The proposed revisions bring SEStran's policies into line with recent changes in legislation and reflect best practice.
Disability Equalities Implications	The proposed revisions bring SEStran's policies into line with recent changes in legislation and reflect best practice.

Climate Change Implications	None
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## **FLEXIBLE WORKING PROCEDURE**

**July 2016**



## **INTRODUCTION**

SESTRAN recognises the importance of helping employees balance their work and home life by offering flexible working arrangements.

Legislation provides employees who meet the eligibility criteria set out below with the right to apply to work flexibly and for this application to be considered.

### **Scope**

This policy encompasses all SEStran employees.

### **Eligibility**

Under the terms of the legislation the employee has the right to apply to work flexibly if they meet the following eligibility criteria:

- 26 weeks continuous service with SESTRAN at the date the application is made;
- not have made a request to work flexibly during the previous 12 months.

### **Flexible Working Options**

The following section covers the options available to employees in respect of Flexible Working arrangements.

#### Compressed Hours

Compressed hours is a working pattern that reallocates the normal hours of work and the work activity into fewer and longer blocks of time. A full-time employee on this arrangement will normally have their standard hours per week compressed into fewer than five full working days a week. Examples include a 9 day fortnight.

#### Part-Time Working

Part-time working is where an employee works fewer hours per day, per week or per year, than those who work full time in the same job. Part-time working hours can be arranged into work patterns that suit service delivery needs. This can include term time working.

#### Job Share

This involves two employees carrying out the work of a full-time post that would normally be done by one employee. There is no set model for managing time, which may involve working a set number of hours each week or alternative weeks.

#### Annualised Hours

Annualised hours is where the contracted hours are worked over a whole year rather than per week. Hours of work may be varied, as agreed, in a way that reflects seasonal/operational variations in service delivery over the year.

## **Flexitime scheme**

The operation of the Flexitime Scheme must observe the following basic principles:

- The level of service must not be reduced in any way through the operation of the flexible working hours.
- Continuous cover must be made during public opening hours and the Director or a Senior Manager will determine suitable staffing levels.
- Flexitime applies to the day to day operations of the service. Any other working arrangements, for example, overseas trips must be discussed with the relevant line manager.

It is recognised however that the options contained in the policy cannot be made available to all employees. The scope to undertake flexitime is subject to the requirements of Services and exclusions. It is an over-riding principle that service provision must not suffer.

### Time Recording Arrangements

All employees are required to record their attendance by using the excel flexi sheet manual recording system.

Abuse of the flexitime scheme is regarded as a serious matter and may result in disciplinary action.

Flexible Hours: 7:00am - 7:00pm Monday-Friday

No Core time Hours

Employees must work a minimum of 4 hours per day. Employees who wish to work out with standard working hours require prior permission from their line manager.

### Lunch Period

There is a minimum lunch break of 30 minutes. Appropriate operational cover should be maintained during the lunch period.

### Accounting Period

The period over which employees must work their contracted hours, allowing for any carry forward, is 4 weeks.

Contracted Hours - 148 hours per 4 week period  
Contracted Weekly Hours - 37 hours

Employees working reduced or increased hours will be required to work four times their weekly contracted hours within each accounting period .

Credit Hours – maximum of 14.48 hours for full time employees can be carried over  
Debit Hours- maximum of 7.4 hours for full time employees can be carried over

For employees working reduced or increased hours this will be calculated on a pro rata basis.

### Flexi Leave

Up to 2 days flexi leave may be authorised in any one accounting period. Flexi leave may only be used where the hours being carried forward into the next accounting period will not exceed the maximum debit limit. All flexi leave must have prior management approval.

Employees should not work additional hours with the sole purpose of building up flexitime.

## **Flexible Working - Employee's Responsibilities**

While employees have the right to make an application to work flexibly, they also have the responsibility to:

- apply in writing using the attached proforma well in advance of proposed date;
- ensure that they meet the eligibility criteria;
- indicate the work pattern they wish to adopt;
- highlight the impact on the employer;
- suggest how it can be accommodated;
- come to the meeting prepared to discuss their application in an open and constructive manner
- be prepared to be flexible to reach an agreement with their manager.

## **The Request Process**

The process is bound by timescales which must be adhered to unless the manager agrees with the employee to different timescales. These are:

- within 28 days of receipt of the application, the manager should arrange a meeting with the employee to discuss their request. The employee has the right to be accompanied at this meeting. This can be a work colleague or TU representative;
- within 14 days of the meeting, the manager should provide a written response to the employee advising them of their decision;
- if the request is rejected, the employee has the right of appeal through the Grievance Procedure and their written grievance should be submitted to the Partnership Director within 14 days of receipt of the written response;
- a hearing is arranged within 10 days of receipt of the grievance;
- the employee is advised of the outcome of the appeal decision within 5 days of the hearing.

If the manager decides to agree to the request, they should discuss with the employee any arrangements that need to be made to facilitate the change and the expected timescales for this. Any change agreed will be a permanent change to the employee's terms and conditions unless agreed otherwise with them. Confirmation of the change should be given to the employee in the form of an amendment to their contract. Payroll also should be advised of the change.

## **Reasons for Refusal**

When considering any request on behalf of SESTRAN, the manager should be aware that should they decide to reject the request, the reason must fall under one or more of the following headings:

- burden of additional costs
- inability to meet customer demand
- inability to reorganise work with existing employees
- inability to recruit additional employees
- detrimental impact on quality
- detrimental impact on performance
- insufficiency of work when employee proposes to work
- planned structural changes.

Advice should be sought from SESTRAN's Human Resources Adviser where a manager is unsure if their reason falls within these headings.

## **Review of Procedures**

SESTRAN will undertake a review of this document as appropriate. However, either the employer or trades unions may propose amendments at any time, by giving notice in writing to the Partnership Director.

This Policy has been equality impact assessed and no adverse impact has been identified.

## APPLICATION FOR FLEXIBLE WORKING

### Note to Employee

You can use this form to make an application for flexible working.

It will help your manager to consider your request if you provide as much information as possible. It is important that you complete all the questions as otherwise your application may not be valid. When completing sections 4 & 5, think about what effect your change in working arrangements will have on both the work you do and on your colleagues.

Your manager will have 28 days after the date of your application to initially respond to your request. If the request is granted, you will receive a separate letter outlining the specific arrangements that have been agreed.

#### 1. Personal details

Name:

Employee No:

Address:

Location:

Post Code:

#### 2a. Describe your current working pattern (days/hours/times worked):

**2b. Describe the working pattern you would like to work**

**2c. I would like this working pattern to commence from:**

**Date**

**3. Reason for application**

**4. Impact of the new working pattern**

I think this change in my working location will affect my employer and colleagues as follows:

**5. Accommodating the new working pattern**

I think the effect on my employer and colleagues can be dealt with as follows:

## 6. Confirmation of eligibility

I would like to apply to work a flexible working pattern that is different to my current working pattern under my right provided in law. I confirm I meet each of the eligibility criteria as noted below:

- I have 26 weeks continuous service with SESTRAN;
- I have not made a request to work flexibly in the past 12 months.

Signature:

Date:

## Employer's Confirmation of Receipt:

Dear:

I confirm I have received your application to work flexibly on:      Date

I shall be arranging a meeting with you to discuss your application within 28 days following this date.

From:

## **SMOKING POLICY**

### **1. INTRODUCTION**

As a good employer and in recognition of the statutory duty of care to employees, SEStran aims to improve the health and wellbeing of all employees through its Health and Safety Strategy. The Smoking policy is an integral part of this Strategy.

### **2. POLICY STATEMENT**

SEStran acknowledges that all employees and visitors to SEStran premises should be able to enjoy a pleasant, healthy and smoke-free environment.

In accordance with the Smoking, Health and Social Care (Scotland) Act 2005 and the Prohibition of Smoking in Certain Premises (Scotland) regulations 2006, smoking is prohibited in all SEStran premises. This applies to employees employed directly by SEStran, through an agency, by a contractor or other organisation and all visitors.

There is currently no government standard for the contents of e-cigarettes and vapour cigarettes and as such the medical benefits or possible health risk are still unclear. In response to this, the Medicines and Healthcare products Regulatory Agency (MHRA) plan to license e-cigarettes by 2016. The World Health Organisation (WHO) have concerns that these products may increase addiction to the young and have concerns regarding the long term health effects of the contents of the aerosol cartridges.

In line with current British Medical Association guidance smoking of regular cigarettes, e-cigarettes, vapour cigarettes or any other substances smoked or inhaled is prohibited in all SEStran premises.

Employees who wish to smoke may do so in their own time during lunch breaks. Employees will not be permitted to smoke while carrying out their duties and responsibilities for SEStran.

### **3. IMPLEMENTATION AND ENFORCEMENT**

The Partnership Director is responsible for enforcing the Smoking Policy.

Managers are responsible for the promotion and maintenance of the policy by their staff and will receive training and guidance regarding their responsibilities in relation to the policy and enforcement of it.

It is the responsibility of employees to comply with the terms and conditions of the Policy and to inform their manager of anyone who fails to comply with the policy.

Repeated and deliberate failure to conform to the requirements of the Smoking Policy may give rise to disciplinary action, however, in the first instance, support and advice will be offered.

Visitors not adhering to the policy will be asked to comply or leave the premises.

A copy of the policy will form part of new employees' induction packs.



#### **4. SUPPORT AND ASSISTANCE**

SEStran recognises that smoking is an addiction and this Policy may cause difficulties for those individuals who smoke. A variety of support will be available with the aim of assisting employees who wish to give up smoking.

Methods of support and assistance will be publicised as widely as possible and will include:

- the provision of advice and guidance through the distribution of information leaflets on stopping smoking
- working in partnership with organisations such as the Health Education Board for Scotland and other agencies
- Participation in National No-Smoking Day

#### **5. REVIEW**

The Partnership Director, in conjunction with the Performance & Audit Committee will monitor and review his policy on a regular basis.

## **HOME WORKING POLICY**

### **1. POLICY STATEMENT**

SEStran recognises that there may, on occasion, be circumstances when it would be more beneficial for staff to work from home. However, employees are contractually obliged to work mainly from the SEStran offices and home working is for extenuating circumstances or when approved in advance by relevant managers.

The purpose of this Policy is to ensure that all home working is properly assessed, monitored and reviewed to ensure the safety of employees and efficiency of business. SEStran will take all practical steps to identify any additional risks associated with home working and remove or reduce the risks to an acceptable level.

### **2. INTRODUCTION**

Agreement to work from home is dependant on certain criteria being fulfilled, these being that the employee:

- Has prior approval from relevant managers
- Does not have commitments within SEStran at the time
- Has notified relevant managers/colleagues of hours of work and location
- Has left a contact telephone number and is available to be contacted during the nominated hours
- Is prepared to come in to the office if requested to do so by a manager

Permission is required for each occasion that the employee wishes to work from home and requests should be made to relevant manager. The decision of the manager is final.

### **3. WORK ARRANGEMENTS**

#### **3.1. SESTRAN EQUIPMENT**

- 3.1.1. Any equipment provided by SEStran for the purposes of working from home will be maintained by SEStran.
- 3.1.2. The employee is required to take reasonable care of all equipment, to keep it secure and to use in accordance with operating instructions.

- 3.1.3. The employee must ensure that all equipment is returned to SEStran after use.

### **3.2. INSURANCE COVER**

- 3.2.1. Employees are advised that working from home may affect the provisions of any home contents insurance and are advised to inform their insurers prior to commencing working from home.
- 3.2.2. Employees are responsible to ensure that their home contents insurance covers any SEStran equipment used for the purposes of working from home.

### **3.3. PERSONAL DETAILS AND SAFETY**

- 3.3.1. Employees are advised not to release their home address and telephone number to non SEStran employees.
- 3.3.2. Employees are advised no to conduct meetings with non SEStran employees at home. In the event that the employee feels this is essential they must gain prior approval from the relevant manager.

### **3.4. CONFIDENTIALITY**

- 3.4.1. In accordance with Data Protection Legislation, homeworkers must take appropriate steps to ensure the security and safekeeping of any confidential information they are required to work with in the home. Such information must not be accessible to family or visitors of the homeworker. Confidential paper files should be kept in a locked cabinet.
- 3.4.2. Confidential waste should be returned to the SEStran office as soon as practically possible for destruction and not disposed of with household rubbish.

### **3.5. HOURS OF WORK**

- 3.5.1. The employee must agree the precise number of hours to be worked from home with their line manager before any homeworking arrangements commence. The actual times when the work will be undertaken need not be fixed. It is not anticipated that the number of hours worked from home will exceed the normal number of daily contracted hours.
- 3.5.2. Whilst working from home, employees should be available by telephone during the agreed working hours or contact periods.

#### **4. MANAGING THE RISKS**

In accordance with normal Risk Management procedures, managers will ensure Risk Assessments are undertaken on all home working activities. These will include identification of the actions to be taken which will minimise the risks. These actions will form part of the Risk Management Action Plan.

Where, as a result of the Risk Assessment, it is identified that an employee is at serious risk as a result of home working, the manager will identify remedial actions and/or alternative ways of delivering the service, which reduces the risk to the employee to an acceptable level.

#### **5. RESPONSIBILITIES**

##### **5.1. PARTNERSHIP DIRECTOR**

The Partnership Director of SEStran is responsible for the effective operation of the Policy across SEStran as a whole and for ensuring development of effective procedures to implement the policy. They are also responsible for ensuring that adequate resources are available to implement appropriate protective measures, where the risk assessments have indicated they are required.

##### **5.2. MANAGERS**

Managers are responsible for ensuring that appropriate risk assessments are undertaken and for ensuring implementation of any remedial actions/measures identified by the Risk Assessment process. They are also responsible for

ensuring that appropriate procedures are in place to monitor the safety of home workers and for providing support to home workers as required.

In line with the Accident/Incident Reporting procedures, Managers are responsible for ensuring that any accident/incident relating to home working is reported and investigated and that appropriate action is taken to prevent similar situations arising in the future.

##### **5.3. EMPLOYEES**

Employees are responsible for alerting their manager to any concerns they may have regarding home working and for reporting any accident/incident relating to home working to their manager as soon as possible following the accident/incident. Employees will give a full and accurate account of details leading to the accident/incident including details of the accident/incident itself.

#### **6. MONITORING & REVIEW**

The Partnership Director, in conjunction with the Performance and Audit Committee, will monitor and review this policy on an annual basis.



## **LEARNING & DEVELOPMENT POLICY**

**September 2016**

## **Aims and Objectives**

SEStran is committed to employee learning and development, and recognising that it has a key role in ensuring employees have the necessary knowledge and skills to deliver a high quality and cost effective service to the community SEStran serves.

The policy aims to ensure equality of access to learning and development opportunities, the achievement of best value in all learning and development activities and to outline the support available and required procedures for all employees to equitably access learning and development opportunities whilst working for SEStran.

SEStran aims to provide the highest standard of learning and development, within the budgetary and best value considerations of the organisation, to develop and maximise the potential of all employees and is committed to providing a wide variety and range of opportunities to employees.

## **Scope**

SEStran is committed to equality of opportunity for all employees as described in the Equality and Diversity Policy and this will be reflected by systematic and planned development for all employees. Appropriate learning and development opportunities will be available to, and accessible by, all employees and will address individual, service and organisational needs. SEStran will monitor training applications and learning undertaken to ensure equality of access. Employees will be requested to complete and file a training request form.

## **Induction**

SEStran recognises the importance of providing appropriate induction to every new employee to allow them to become effective in their role at the earliest opportunity. SEStran will ensure that every new employee receives induction appropriate to their role and to assist with the process, every new employee will be appointed a "Mentor" who will be an experienced member of SEStran.

## **Identification**

Individual training and development needs will be identified through the bi-annual performance appraisal process of SEStran and from formal requests from employees out with the 6 monthly formal appraisal periods. Employees are also responsible for their own learning and development and as such may inform the organisation of their development needs and take part in prescribed learning and development activities.

## **Learning and Qualifications: Approved and Developmental**

SEStran recognises a difference between approved and developmental learning and qualifications.

Approved learning can be defined as: "any job-related learning which is necessary to allow the employee to perform effectively in their current role". Approved

qualifications can be defined as: “any qualification which has been identified as essential, as opposed to desirable, for the employee in their current role”.

For approved learning/qualifications employees will be entitled to receive time off to attend relevant activities and SEStran will pay all costs associated with approved learning/qualifications.

Development learning/qualifications can be defined as: “any learning which, although completion may assist the employee to develop personally and/or professionally, is not required to allow the employee to perform effectively in their current role”.

The amount of financial support offered to individuals for Developmental learning/qualifications is at the discretion of the Partnership Director, who when determining this will consider the business case for the learning including: the amount of budget available, the business benefit of learning, the motivations of the individual applying for the learning, and associated recruitment and retention issues.

SEStran line managers will ensure that the employee is advised whether the learning/training is classed as Approved or Developmental before the learning/training commences and will ensure fairness and equality of opportunity in making these decisions. The amount of time off to attend training offered to individuals for Developmental learning/qualifications is also at the discretion of the line manager, subject to the adherence to the following legislation.

The Employee Rights Act 1996 section 63D provides that employees have the right to request “time to train”. Employees can make requests for time to undertake training which they believe will improve both their effectiveness at work and team/service performance. There is no limit on the amount of time, study or training that an employee can request, however employees do not have the right to be paid for the time spent training when requests of this nature are made.

Further guidance on the application of this legislation is available from SEStran’s HR Advisers.

The learning and development needs identified will be met through a variety of activities depending on the nature (approved or developmental) and extent of the requirements deemed necessary after assessment.

### **Repayment of Learning/Qualification Costs**

There will be no requirement for an employee to repay any costs paid by SEStran associated with approved learning, approved qualifications and developmental learning.

Where an employee leaves the service of SEStran or fails to complete a Developmental Qualification, the Partnership Director may, if it is considered appropriate, demand repayment of costs paid by SEStran as follows:

- ***Employee fails to complete qualification*** – repayment by employee of all costs paid by SEStran excluding travel costs and time off

- ***Employee leaves the service of SEStran whilst undertaking the qualification*** – repayment by employee of all costs paid by SEStran excluding travel costs and time off
- **Employee leaves the service of SEStran within 12 months of completion of the qualification** – repayment by employee of all costs paid by SEStran excluding travel costs and time off
- **Employee leaves the service of SEStran within 13-24 months of completion of the qualification** – repayment by employee of 50% of costs paid by SEStran excluding travel costs and time off

Employees will be made aware of the repayment request at the time of application and agreement of any requests to undertake developmental qualifications.

### **Evaluation**

As part of their Personal Training assessment and as part of the annual performance appraisal process, employees and line managers will be required to evaluate all learning and development activities to measure their contribution to the achievement of SEStran's corporate objectives and to ensure best value.

### **Review**

The Partnership Director in conjunction with SEStran line managers will monitor and review this policy as appropriate.





## **RECRUITMENT POLICY**

**July 2016**

## **Introduction**

SESTRAN aims at all times to recruit the person who is most suited to the particular job. Recruitment will be solely on the basis of the applicant's abilities and individual merit as measured against the criteria for the job. Qualifications, experience and skills will be assessed at the level that is relevant to the job.

SESTRAN is committed to applying its equal opportunities policy at all stages of recruitment and selection. Shortlisting, interviewing and selection will always be carried out without regard to gender, sexual orientation, marital status, colour, race, nationality, ethnic or national origins, religion or belief, age or trade union membership.

Reasonable adjustments to the recruitment process will be made to ensure that no applicant is disadvantaged because of their disability.

## **Recruitment process**

It is SESTRAN's policy that vacancies will normally be advertised externally in appropriate media as well as being notified to existing employees who will be encouraged to apply for vacant posts if they have the appropriate qualifications, experience and skills.

All posts to be advertised will be agreed in advance by the Partnership Director and, where appropriate, the Partnership Board.

Before beginning to recruit to a post, the person responsible for the process must ensure that there is an up-to-date job description and a clearly drafted **person** specification. The job description will describe the duties, responsibilities and level of seniority associated with the post, whilst the **person** specification will describe the type of qualification(s), training, knowledge, experience, skills, aptitudes and competencies required for effective performance of the job.

Application packs to be issued to candidates will include: an application form, equal opportunities monitoring form, job description, copy of advert and SESTRAN information.

Copies of job description and person specification templates are attached at Appendices A and B respectively.

## **Selection process**

The shortlisting process will be undertaken only on the basis of the information provided on each person's application form and with regard to whether or not they meet the essential criteria noted in the person specification and job description.

Candidates will be advised whether or not they are being invited for interview in writing as soon as possible after the closing date. As much notice of interviews

will be given as possible, normally at least 5 working days. If a candidate is unable to attend for interview alternative arrangements will be made if practical.

Reasonable adjustments to the recruitment process will be made to ensure that no applicant is disadvantaged because of any disability they may have.

Interview panels will ensure that the questions they ask job applicants are not in any way discriminatory or unnecessarily intrusive. The interview will focus on the needs of the job and skills needed to perform it effectively, taking account of the information contained in the **person** specification and job description. A record of every recruitment interview must be made and retained in a confidential basis for a period of six months and thereafter confidentially destroyed. On no account should any job offer be made during or at the end of an interview.

Psychometric testing may be used as part of the recruitment process. Any test used must have been validated in relation to the job, be free of any bias, and be validated, administered, scored and feedback and by a suitably trained person.

**All applicants invited for interview must be advised that, if successful at interview, they will be expected to complete an Occupational Health questionnaire.**

**Once the preferred candidate has been selected, the Occupational Health questionnaire should be sent to the candidate.**

If the Occupational Health Adviser has any queries regarding the questionnaire, they may invite the candidate for a medical interview or a medical examination. If the candidate refuses to complete the questionnaire, or attend an Occupational Health interview or examination, this would mean that conditions of the appointment had not been satisfied, and the manager must obtain advice from the Service HR Adviser.

It is SESTRAN's practice to seek the successful candidate's consent to seek two written references and to ask for documentary proof of qualifications.

Information regarding attendance, ill health or disability must not be requested from previous employers prior to interview. However, two appropriate and satisfactory employment references will be required prior to confirming any conditional offer of employment, and the conditional offer letter will advise the candidate that references will be sought at that point. A template offer letter is attached at Appendix C.

On no account should any job offer be made during or at the end of an interview. Offers of employment may only be made on condition that all checks have been received and are satisfactory.

Candidates who have been unsuccessful at interview will normally be advised in writing within two weeks of the interview date.

## Eligibility to work in the UK

The Immigration, Asylum and Nationality Act 2006 introduces Civil Penalties for employers who illegally employ someone who is subject to immigration control. An 'on the spot fine' will be introduced of up to **£10,000 per illegal employee**. This fine will be enforced regardless of whether the employer is aware that they are employing someone illegally. In addition employers who knowingly allow illegal working are at risk of prosecution, and a criminal conviction carries a threat of imprisonment and/or a fine.

Therefore to avoid a penalty notice of a fine or imprisonment employers are required to;

- See, validate and retain copies of certain original documents for not less than 2 years after employment has ended
- If document contains photograph, the employer must satisfy him/herself that the photo is of the prospective employee or employee
- If document contains date of birth, the employee must satisfy him/herself that it is consistent with the appearance of the prospective employee
- Employees who have restrictions on their time in the UK may be subject to repeat checks, and managers are responsible for monitoring and following up on this

A list of documents which should be considered for the purposes of validating eligibility to work in the UK is attached at Appendix D.

**When candidates are invited for interview they must be asked to bring along with them the appropriate documentation. The chair of the panel must ensure that original documents are checked and copied from List A or List B as attached, before employing that person. Where candidates are not from the UK, advice should be sought from SESTRAN's Human Resources Adviser before any offer of employment is made.**

## Baseline Personnel Security Standard (BPSS)

BPSS is the minimum standard required to ensure the identity and integrity of an employee with access to official information/systems. It involves a number of checks:

- Identity check;
- Nationality and Immigration Status;
- Employment History (past 3 years);
- Verification of Criminal Record (unspent convictions only);
- References covering previous 3 year period;
- Checks relating to time spent living or working abroad;

The checks relating to gaps in employment history or additional references covering a 3 year period are not mandatory but are considered good practice.

## **Induction**

All employees will undergo an induction appropriate to the duties of their post. The attached induction checklist should be used to keep a record of the induction process and retained in the employee's personal file.

## **Review**

This policy will be reviewed as required to take account of developments within SESTRAN and legislative requirements.

**JOB DESCRIPTION**

**Section A Job definition**

**Section B Organisational relationship**

**Section C Key Responsibilities**

**Section D Knowledge, Skills & Experience**

Knowledge

Skills

Experience

**Section E Communications and Contacts**

## Appendix B

### PERSONN SPECIFICATION

TITLE OF POST:

POSTHOLDER'S ATTRIBUTES	<u>ESSENTIAL</u>	DESIRABLE	TO BE IDENTIFIED BY:
Qualifications/Training			
Special Knowledge			
Circumstances / Personal			
Disposition/Attitude			
Practical and Intellectual Skills			
Experience			

## Appendix C

Enquiries to: Chair of Interview Panel

Direct Dial: Extn. No.

Date:

### **CONFIDENTIAL**

Name

Address

Town

Postcode

Dear Name,

Post: {Job Title}

Following a successful interview, the Interview Panel will be making recommendations to the Partnership Director in regard to your appointment, but any recommendation will be subject to satisfactory completion of various pre-employment checks.

This post requires that Occupational Health clearance is obtained, and a questionnaire is attached. Please complete the questionnaire and ensure confidentiality by sealing it in a plain envelope with your name written on the top left hand corner. You should then return it to the Chair of the Interview Panel, who will forward it unopened to Occupational Health for assessment.

References will now also be requested.

It is important that you note that this letter is a conditional offer of appointment, and will only be confirmed after consideration of such pre-employment checks as may be conducted and considered necessary by the SESTRAN. SESTRAN reserves the right not to proceed with an appointment for any reason.

As we are not in a position to confirm a formal offer of employment to you at this stage of the recruitment process you are advised not to hand in your notice to your present employer. Please wait until such time as you receive a letter from SESTRAN formally offering you an appointment.

Yours sincerely,

**TITLE**



## Appendix D

### Eligibility to Work in the UK List of Original Documents Required at Interview

Candidates must provide **one** of the original documents alone, or **two** of the original documents in the **specified combinations** given in **EITHER** List A **OR** List B.

**List A** contains the range of documents which you may accept for a person who has a permanent right to work in the UK. If you conduct the right to work checks correctly before employment begins, you will establish a continuous statutory excuse for the duration of that person's employment with you. You do not have to conduct any further checks.

**List B** contains a range of documents which may be accepted for a person who has a permanent right to work in the UK. If you conduct the right to work checks correctly you will establish a time-limited statutory excuse. You will be required to conduct a follow-up check in order to retain your statutory excuse. This should be undertaken in the same way as the original check. List B Part 1; checks should be completed before employment starts and again when permission expires (as set out in the document checked). List B Part 2; checks should be completed before employment starts and again after six months (as set out in the Positive Verification Notice).

#### **LIST A (Part 1) - Documents which confirm the candidate has an on-going right to work in the UK - one document only is required (See note re citizens from A2 and A8 countries)**

A passport showing that candidates are a British citizen or a citizen of the United Kingdom and Colonies having the right of abode in the UK.

A passport or national identity card showing the candidate is a national of an EEA country or Switzerland.

A registration certificate or Document Certifying Permanent Residence issued by the Home Office or the UK Border Agency, as a national of an EEA country or Switzerland.

A permanent residence card issued by the Home Office to the family member of a national.

A **current** passport endorsed to show the candidates is exempt from immigration control, is allowed to stay indefinitely in the UK, has the right of abode in the UK, or has no time limit on their stay in the UK.

A **current** Bio-metric Immigration document issued by the Home Office to the holder indicating that the candidate is allowed to stay indefinitely in the UK or have no time limit on their stay in the UK.

**LIST A (Part 2) – Documents which confirm the candidate has an on-going right to work in the UK but where two documents are required (See note re citizens from A2 and A8 countries)**

A **current** Immigration Status Document issued by the Home Office to the candidate with an endorsement indicating that the candidate is allowed to stay indefinitely in the UK or has no time limit on their stay in the UK **together with** an official document giving the person's permanent National Insurance number and their name issued by a Government agency or a previous employer.

A **full** birth/adoption certificate issued in the UK, which includes the names of at least one of the candidate's parents or adoptive parents, **together with** an official document giving the person's permanent National Insurance number and their name issued by a Government agency or a previous employer.

A birth/adoption certificate issued in the Channel Islands, the Isle of Man or Ireland, **together with** an official document giving the person's permanent National Insurance number and their name issued by a Government agency or a previous employer.

A certificate of registration or naturalisation stating the candidate is a British citizen, **together with** an official document giving the person's permanent National Insurance number and their name issued by a Government agency or a previous employer.

**Note:** EEA nationals who may work without restriction are from Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, UK, Iceland, Liechtenstein and Norway. Nationals of Switzerland may also work without restriction.

**LIST B (Part 1)- Documents which confirm the candidate has a time limited right to work in the UK – one document only is required**

A **current** passport endorsed to show the candidate is allowed to stay in the UK and is allowed to do the type of work in question.

A **current** Biometric Immigration Document issued by the Home Office indicating the candidate can stay in the UK and is allowed to do the work in question.

A **current** residence card (including an Accession Residence Card or Derivative Residence Card) issued by the Home Office to a non-European Economic Area (EEA) national who is a family member of a national of an EEA country or Switzerland who has a derivative right of residence.

A **current** Immigration Status Document containing a photograph issued by the Home Office to the holder with a valid endorsement indicating that the named person may stay in the UK, and is allowed to do the type of work in question, together with an official document giving the person's permanent National Insurance number and their name issued by a Government agency or a previous employer.

**LIST B (Part 2)- Documents which confirm the candidate has a time limited right to work in the UK but where two documents are required Documents where a time limited statutory excuse lasts for 6 months**

A Certificate of Application issued by the Home Office under regulation 17(3) or 18A9" of the Immigration (European Economic Area) Regulations 2006 to a family member of a national of a European Economic Area (EEA) country or Switzerland stating that the holder is permitted to take employment which is less than 6 months old together with a Positive Verification Notice from the Home Office Employer Checking Service.

An Application Registration Card issued by the Home Office stating that the candidate is permitted to take the employment in question, **together with a Positive Verification Notice** from the Home Office Employer Checking Service.

A Positive Verification Notice issued by the Home Office Employer Checking Service to the employer or prospective employer which indicates that the named person may stay in the UK and is permitted to do the work in question.

## **1. INTRODUCTION**

- 1.1 In June 2016 the Board considered a general paper on the review of governance from the Legal Officer which included reference to the need to annually report to the Board on the Equality and Diversity Policy and review the policy itself every 3 years.
- 1.2 The paper also highlights that SEStran, as a Regional Transport Partnership, has had a statutory requirement to comply with requirements of Section 149 of the Equality Act 2010 (the Public Sector Equality Duty) and the Equalities Act 2010 (Specific Duties) (Scotland) Regulations 2012. Further to the Board's consideration in March 2015 of a report on the progress made to achieve the equality outcomes published by SEStran in March 2013. The paper highlights that SEStran must publish further reports on a further set of equality outcomes and a report of progress made to achieve the first set of outcomes by no later than March 2017.
- 1.3 The paper provides an initial update on the progress of the working group tasked at the June 2016 board meeting with examining options on how the diversity of representation on the Board could be enhanced across a number of currently under-represented groups by 2020.
- 1.4 Finally, the paper summaries a potential opportunity for SEStran to sign the Chartered Institute of Highways and Transportation – Diversity and Inclusion Charter.

## **2. EQUALITY & DIVERSITY POLICY**

- 2.1 The aims of the SEStran policy are that in conducting its operations and fulfilling its statutory obligations, SEStran will have due regard to: promoting equality of opportunity across all of its processes and activities; promoting good relations between people of diverse background; and eliminating discrimination, victimisation and harassment.
- 2.2 In relation to SEStran employees we receive advice on employee recruitment and employee policies and conditions from Falkirk Council, who have to comply with the requirements of the Equalities Act. These policies have been the subject of previous reports to the Board. Therefore by complying with this advice we already comply, to a great extent, with the objectives of the legislation. However we need to be explicit on how this is achieved and show that all relevant issues have been fully considered. The Partnership Director therefore requested that Falkirk Council undertake a review of the policy, in line with the 3 year review timescale outlined in the current policy. After reviewing the Equality & Diversity policy, there is no update required as there is a

separate policy for SEStran staff which includes employee's responsibilities and complaints procedures which will be updated accordingly.

- 2.3 The other area we need to consider is ensuring equality issues are fully considered within our policies. In the current RTS we specifically highlighted the requirement that all new measures are to be the subject of an equalities audit. A key element of our promotion of a culture of diversity and equality of opportunity has been the establishment of an Equalities Forum which currently meets on a three monthly basis, involving local equalities groups, to discuss the work that SEStran is doing and how it operates, to get feedback and suggestions on how we can usefully improve on equalities issues.
- 2.4 Whilst there is scope for further continuous improvement, within the role and circumstances of SEStran as a relatively small public body, the Partnership Director is content to recommend to the Board that the policy remains effective and its operation is being implemented through a culture of diversity, equality of opportunity and non-tolerance of discrimination and this is reflected in all its practices, policies and activities.
- 2.5 As highlighted in an earlier paper, there hasn't been an annual report provided to the Committee or Board since the inception of the policy. As there is no legal requirement to report annually it has been proposed in the previous item that as part of the review of this policy, that this aspect of it is removed.

### **3. EQUALITY OUTCOMES**

- 3.1 The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 lists in its Schedule a Regional Transport Partnership created by an order under section 1(1) of the Transport (Scotland) Act 2005. The Regulations required that two specific reports be published by end of March 2013.
- 3.2 **Mainstreaming the Equality Duty.** This report is to include the following;
  - Show how equality becomes part of the structures, behaviours and culture of an authority
  - Demonstrate how, in carrying out its functions, it is promoting equality
  - Mainstreaming equality contributes to continuous improvement and better performance.
- 3.3 **Equality Outcomes.** This report is to;
  - Define a set of equality outcomes which it considers will enable the authority to better perform the general equity duty.
- 3.4 Subsequent to these initial reports the 2012 Regulations require that a second set of outcomes need to be published every four years, therefore by the end of March 2017.
- 3.5 In preparing the second set of equality outcomes, SEStran is required to take reasonable steps to involve people who share a protected characteristic and any person, which appears to the authority to represent the interests of those

people. SEStran must also consider relevant evidence relating to people who share a relevant protected characteristic.

- 3.6 SEStran is also required to publish a report on the progress made to achieve the equality outcomes published in 2013. The Board considered a report in 2015 as part of the review of the RTS highlighting the progress made on the achievement of equality outcomes. The 2012 regulations require a further report by March 2017 on the progress of actions.
- 3.7 The Board are further asked to agree to these reports being tabled to the March 2017 Board meeting for agreement and subsequent publication. This would enable, as suggested in the EHRC guidance, the preparation of equality outcomes, potential Main Issues Report for the new RTS and the SEStran Business Plan 2017-18 in tandem, allowing us to use the equality outcomes as a mechanism for helping us meet identified strategic business priorities and further embed equality within public authorities existing systems and frameworks.
- 3.8 The guidance highlights that as well as linking equality outcomes with the organisation's strategic priorities, it is clear that senior management and decision-makers should lead their development and highlights that visible leadership from Councillors, Board members and senior managers is likely to be an important factor in successfully delivering your outcomes.
- 3.9 Members with any initial views on equalities outcomes are invited to feedback comments to the Partnership Director in the first instance, alongside any expressions of interest in providing or participating in groups, including the Equalities Forum, to lead on this matter over the next few months.

#### **4. BOARD DIVERSITY WORKING GROUP**

- 4.1 The Board Diversity Group met for the first time on Wednesday 31<sup>st</sup> August. The meeting considered and discussed the current Board Diversity policy context in Scotland, the current legislative requirements around SEStran membership, a range of potential actions the group could ask officers to take forward and the scope of the initial report to be provided to the next Board meeting. A copy of the papers are included in appendix 1.
- 4.2 The group outlined the following actions to take forward:
  - Aim to address the current lack of diversity on the Partnership Board in 2017 for elected members and 2018 for non-elected members.
  - Officers to undertake discussions with COSLA around the actions they have taken to address diversity and to gather figures on diversity of councillors from constituent local authorities.
  - Officers to look in to the option of inviting observers on to the Board
  - Survey the current Board to gauge current diversity levels
  - Officers to seek discussions with Scottish Government around the regulations, specifically the 2005 Order and associated RTS guidance

- 4.3 Following the first working group, SEStran received guidance from Close the Gap (link below) which advised that SEStran will be required to publish a plan to increase board diversity as part of a mainstreaming report. Further information regarding this is forthcoming from Scottish Government.  
<https://www.closethegap.org.uk/content/resources/Close-the-Gap-PSED-guidance-on-gender-and-employment-2016.pdf>
- 4.4 Members are asked for their endorsement of the proposed actions and agreement and a further paper to be brought back to November committee meeting.

## **5. CIHT DIVERSITY AND INCLUSION CHARTER**

- 5.1 The Committee may have been aware, that the Chartered Institute of Highways & Transportation (CIHT) Routes to Diversity and Inclusion Toolkit was launched last year. It is one of the first such toolkits designed specifically for and within the Highways and Transportation sector. The CIHT want to continue work on this area and strengthen outcomes in regard to diversity and inclusion. In this regard, CIHT are seeking corporate partners to sign their Diversity and Inclusion charter.
- 5.2 The proposal from CIHT is that the signing of the charter and use of the accompanying logo will be a recognised mark of your company's commitment to the diversity and inclusion agenda, indicating to stakeholders – current and future. It will be a clear sign that SEStran take this agenda seriously and mainstream it through our work.
- 5.3 Any organisation signing up to the charter is asked to sign a brief statement outlining their corporate commitment to diversity and inclusion and recognising how essential it is to the communities we serve. Acknowledging the business benefits from attracting and retaining the best talent and enabling the organisational benefit of understanding and meeting client's needs more effectively and so providing a better service quality outcomes for all.
- 5.4 There are 6 actions signatories to the Charter are required to take:
- Strive to achieve best practice in our recruitment, retention and career progression practices as employers
  - Support the development of good diversity and inclusion practice by collecting and sharing examples of practical activities that contribute to progress with CIHT and other signatories
  - Assign responsibility for meeting our Charter Commitments to a named, senior level individual.
  - Work together to develop and adopt future protocols and practice that support the implementation of the aims of this Charter.
  - Recognise, respect, capitalise and celebrate contributions from different people to strengthen team performance.
  - Display the CIHT diversity and inclusion logo to publically demonstrate our commitment to this agenda.

- 5.5 The CIHT propose that charter signatories will be granted the use of CIHT's Diversity and Inclusion logo to use on letters, emails and promotional material and invited to participate in future.
- 5.6 Given the significant amount of equalities work done by SEStran in recent years, this would appear to be a further method of communicating our work to the wider public, private and third sectors at no additional cost. On this basis, the Partnership Director would recommend the signing of the Charter to the Committee for discussion and onward transition to the Board in September for approval.

## **6. Recommendation**

- 6.1 The P&A Committee agrees to the proposed amendments to SEStran's Equality and Diversity Policy including the specific recommendation to remove the annual reporting requirement for the policy.
- 6.2 Notes the update from the SEStran Board Diversity Working group on the 31<sup>st</sup> August and the proposed set of actions to be recommended to the September Board.
- 6.3 Are invited to comment upon the development proposals for SEStran's next set of Equality Outcomes.
- 6.4 Agrees to recommend the CIHT Diversity and Inclusion Charter to the Board for approval.

George Eckton

Emily Whitters

**Partnership Director**

**Administrator**

September 2016

## **Appendix 1 – Copy of Diversity Working Group papers 31<sup>st</sup> August 2016**

Policy Implications	There would be a change to the Equality reporting process, with regular monitoring delivered via the statutory Equality Outcomes process rather than a SEStran policy.
Financial Implications	None
Race Equalities Implications	Policy remains in place, reporting will be delivered via Equality Outcomes process and the Diversity Working Group is seeking to analyse current and potential future SEStran Board diversity.

Gender Equalities Implications	Policy remains in place, reporting will be delivered via Equality Outcomes process and the Diversity Working Group is seeking to analyse current and potential future SEStran Board diversity.
Disability Equalities Implications	Policy remains in place, reporting will be delivered via Equality Outcomes process and the Diversity Working Group is seeking to analyse current and potential future SEStran Board diversity.
Climate Change Implications	None



**Diversity Working Group**  
**31<sup>st</sup> August 2016, 11:00am**  
**City Chambers, 253 High Street, Edinburgh EH1 1YJ**

Agenda

1. Apologies
2. Remit and Chair of Group
3. Scottish Diversity Policy Context
4. Legal Context for SEStran membership
5. Futures Actions of the Group
6. Initial Report to September Board
7. AOCB
8. Date of next meeting

## **Equality & Diversity Working Group**

### **1. Introduction**

- 1.1.** Members will recall that at its meeting on 17<sup>th</sup> June 2016, the Board considered a report from the Secretary regarding the need to review SEStran's governance documentation.
- 1.2** The board agreed that as part of this review of governance, there was an opportunity for a working group of board members and partnership officers to consider a number of opportunities to further equality and diversity of Board representation.
- 1.3** The purpose of today's meeting is to discuss where on the potential spectrum of change in terms of diversity of presentation, SEStran wishes to position itself and in light of the decision, what actions officers should seek to progress ahead of the next meeting of the working group in late August/early September.

### **2. Remit**

- 2.1** The working group has been tasked with initially reporting back to the September Board meeting, with a series of options on how the diversity of representation on the board could be enhanced across a number of currently under-represented groups and outline a possible approach to SEStran enhancing its current diversity of representation by 2020. During this time period there will be opportunities presented by the nomination of new councillor board members in 2017 after the Local Government Elections and the appointment of non-councillor members in 2018.
- 2.2** In terms of Diversity on Boards, this could be defined by skills, background, age, disability, gender or ethnic diversity alongside a number of other factors. Members will need to consider the breadth of remit they wish to consider for the working group analysis of delivering on the remit given by the Board.

### **3. Policy Context**

- 3.1** The Scottish Government and a number of other parties at the Scottish Parliament have a commitment to greater diversity and equality of representation on public boards. The 2015 "On Board" guidance issued to Board Members of Public Bodies in Scotland recognises this commitment to redressing the current imbalance of representation with gender parity outlined as a particular area of focus. The guidance outlines that Public Boards themselves should give consideration to establishing a committee to consider matters such as planning for succession and Board performance as this should lead to more diversity at Board Level. The guidance outlines a clear aim of 50:50 gender balance by 2020.

- 3.2** The “On Board” publication outlines an expectation that all public bodies will champion diversity and mainstream equal opportunities in their work. Public Boards are also challenged to give specific consideration to the impact on equality of opportunity when developing policies and making decisions. Having greater diversity of representation on the board when making decisions is one clear mechanism for driving greater value in this regard and there is a growing level of evidence that “groupthink” or having a non-diverse board can be a risk to an organisation and that having a more diverse board can lead to more nuanced discussions and more informed decisions.
- 3.3** The “On Board” guidance goes on to outline how Scottish Ministers particularly welcome applications for public appointments from groups that are under-represented on Scotland’s public bodies, with the aim of ensuring that Board of public bodies are broadly reflective of the wider Scottish population with a 50:50 gender split by 2020.
- 3.4** It is recognised by Scottish Government that a Board made up of people who are “visibly diverse” will not necessarily be immune to “Groupthink”. Visible diversity is simply an indicator but no guarantee that the Board’s members have the diversity of skills, knowledge, experience and perspectives needed to make it effective. However, the Scottish Government acknowledge that there is currently a sufficient visible and invisible diversity on the Board’s of Scotland’s public bodies, which can be evidenced in relation to factors ranging from gender to Black and minority ethnic (BME) status, employment sectors and income.
- 3.5** The Commissioner for Ethical Standards in Public Life Scotland and the Scottish Government are currently working together on diversity in public appointments. The Commissioner publishes annual diversity reports on public appointments. A summary of the key facts of the 2015 report are detailed below to provide members with some further context:
- The proportion of female applications and appointments continues to increase
  - 41% of applicants and 54% of those appointed were women
  - 27% of applicants are from people aged 50 years and over. 25% of new appointments were over 50 years old.
  - 5.3% of applicants and 5.2% of those appointed were from a minority ethnic background
  - 12.7% of applicants and 10.3% of those appointed declared a disability
  - 3.7% of applicants declared that they belong to a non-Christian religion or belief with 3.1% being appointed.
  - 4.1% of applicants declared they were lesbian, gay, bi-sexual, or other non-heterosexual (LGBQ). 5% of appointments were identified as LGBQ.
- 3.6** The “On Board” guidance then goes on to outline an expectation that public bodies in Scotland take positive action to support and enable greater diversity of Ministerial appointments:
- Taking an active role in succession planning, and providing advice to

Ministers about the Board's membership needs, both for new and re-appointments;

- Ensuring that suggested criteria for the selection of new Board members meet the needs of the body, are unbiased and are not necessarily restrictive;
- Taking action both during and between Board member recruitment exercises to attract the broadest range of candidates to the work of the Board;
- Providing mentoring, shadowing and training opportunities for potential Board members; and
- Considering the role of nominations committees.

**3.7** While these actions aren't strictly relevant to RTPs as none of the appointments are Ministerial, they do provide a clear indication of the expectation of Scottish Ministers on publicly funded bodies which it would seem appropriate where possible RTPs seek to reflect through their appointments process.

**3.8** To add further context to the expectations of the "On Board" report, there was also a recommendation in the recently published Independent Review of Planning to review the governance of transportation at national and regional levels. SEStran is also aware that the Equality and Human Rights Commission Scotland will be producing technical and non-technical guidance on these issues around September which will address a number of issues relating to the remit of the Working group.

#### **4. Legal Context**

**4.1** The Scotland Act 2015 will devolve to the Scottish Parliament the powers necessary to legislate on gender diversity quotas. In other countries, there has been an imposition of quotas via legislation, whereas in the UK in recent years the promotion of change has been without the use of regulation and quotas. However, in the Scottish context this may change in future Programmes for Government with mandatory quotas for public boards.

**4.2** In specific respect of the Transport (Scotland) Act 2015 which is the primary piece of legislation for RTPs, there was limited consideration on board representation. The main legal context for SEStran board membership at present is the Regional Transport Partnerships (Establishment, Constitution and Membership)(Scotland) Order 2005 which provides the legal context for the constitution and membership for RTPs.

**4.3** Currently SEStran has the maximum number of councillor and non-councillor members permissible by the 2005 order. Councillor members are appointed by and from each constituent council of the Partnership. Non-councillor members were originally appointed by the Scottish Ministers in May 2007, after this period other members are appointed by the Partnership, subject to the consent of the Scottish Ministers.

- 4.4** The 2005 Order allows each Regional Transport Partnership and the Scottish Ministers to appoint such number of observers as they consider appropriate to the Partnership. Observers may participate in proceedings of a Partnership in the same manner as councillor members and other members but may not hold office in it or participate in its decisions.
- 4.5** Members appointed by a constituent council as a council member of an RTP hold office until the first meeting of that council after the next ordinary election following the date of that member's appointment. Therefore in little over a year's time in May/June 2017 there will be the opportunity to seek to lobby and influence council's through the Chairperson of the Partnership prior to them appointing members to SEStran.
- 4.6** Other members of the partnership and observers, if SEStran had any appointed, hold office for a period of 4 years following the date of appointment unless otherwise specified at the time of their appointment. There are a number of provisions concerning financial circumstance, incapacity, absence or fitness to discharge duties which enable a partnership to remove other members or observers from office. The 9 other members of the SEStran board have been re-appointed until 31<sup>st</sup> March 2018.
- 4.7** In December 2005, guidance was published on membership of RTPs to assist in the selection and appointment of other (non-councillor) members and advisers. Scottish Ministers at the time agreed that the principles of appointment on merit in a proportionate and non-exclusive way should apply where appointments to a body fall out-with the remit of the Commissioner for Public Appointments in Scotland, as in the case of RTP appointments. The principles which should govern the selection and appointment of members are: transparency, appointment on merit – the best person for the role should be appointed, and achieving a balance among the non-councillor membership. The guidance also states that where possible, non-councillor members should have a broad geographical interest rather than any particular local interest.
- 4.8** The guidance goes on to say that members should bring a range of benefits to the work of the RTP, giving the following examples:
- Personal and/or operational expertise and demonstrable knowledge from working at board/strategic level in business, the public sector or voluntary sector;
  - Regional rather than local perspective;
  - Detachment from local and national politics;
  - Political and media awareness;
  - Transport knowledge (this could be knowledge of the transport issues pertinent to one or more sector e.g. business, healthcare, the environment, economic development etc.)
  - Financial awareness
  - Communication skills

**4.9** The guidance goes on to outline that in making their appointments RTPs and in the first instance Scottish Ministers, should aim to achieve a mixture of other members to promote a range of perspectives around the table e.g. efforts should be made to try and ensure that where possible they are not all male or not all drawn from the business sector. The 2005 guidance suggests to RTPs that they may also wish to consider recommending lay members to give a different perspective.

**4.10** There is also within the guidance an expectation outlined that RTPs will mainstream equal opportunities in their work by giving consideration to the impact on equality of opportunity when developing policy and making decisions. It is clearly specified that RTPs should also consider how it can attract other members from a range of groups and a further section of the report makes specific reference to the then current version of the “On Board” report, updated in 2015 and referenced earlier in terms of governance issues.

## **5. Spectrum of Change**

**5.1** The potential key issue for the first meeting of the working group is where SEStran should seek to locate itself on the spectrum of possible changes that could enhance equality and diversity of representation. We could simply state that one of our values as a body corporate entity is the promotion of greater diversity, when governance decisions are being made or at the other end of the spectrum we could be explicit in seeking structural and cultural change in the governance of the organisation as far as possibly allowed by current legislation and lobby for further changes. Where we position ourselves will clearly impact on the level of time and effort required to deliver the desired outcomes but given the guidance from Scottish Ministers it would be officers recommendation that we should position SEStran at the latter described end of the spectrum of potential change.

## **6. Potential Actions**

**6.1** A list of potential courses of action the working group could agree to progress are detailed below. The list is not exhaustive and is to enable debate about a wider and longer list of actions that could be progressed as part of any future action programme:

- Discuss and decide on the level of change which is desirable and achievable prior to the Scottish Local Government elections and subsequent nominations of the next SEStran Board
- A confidential survey of current board members to get a clear baseline of current diversity across a number of relevant characteristics;
- Charge officers with gathering examples of best practice from external organisations such as Women 50:50, One in Five, Young Scot and others;
- Seek to get a clear picture from Scottish Government officials within the equality unit on the proposal for use of the devolution of quotas and possibility of any further amendments to the primary legislation or regulation governing the membership of Regional Transport Partnerships.

## **7. Conclusion**

- 7.1** As outlined in the June 2016 SEStran Board paper, the current governance documents and structures have served the Partnership reasonably well. However, it was also recognised that they are capable of continuous improvement.
- 7.2** The working group is requested to discuss and debate the policy context and how it should apply to the SEStran board in terms of diversity of representation over the rest of the decade.
- 7.3** Members are requested to provide comment on the legislative context for membership of RTPs and potential future options, which could be utilised to promote greater diversity of membership now and specifically prior to the May/June 2017 appointment of councillor members and prior to the end of March 2018 of further members and observers.
- 7.4** The working group is also asked to discuss, comment upon and agree a list of actions to be undertaken by Partnership officers prior to the next working group (date to be agreed) and ahead of an initial report of findings to the SEStran September Board meeting.

George Eckton

Partnership Director

15th July 2016

Andrew Ferguson

Secretary

## **Public Bodies Climate Change Duties**

### **1. INTRODUCTION**

- 1.1 The Climate Change (Scotland) Act 2009 introduced targets and legislation to reduce Scotland's carbon emissions by at least 80% by 2050. Part 4 of the act places duties on public bodies to act in the way best calculated to contribute to the delivery of emissions reduction targets, to help deliver any statutory climate change adaptation programme, and in a way that it considers is most sustainable.
- 1.2 Further to these duties, the Scottish Government introduced in 2015 an Order requiring all 151 public bodies who appear on the "Major Player" list to submit an annual report to the Sustainable Scotland Network (SSN), detailing their compliance with the climate change duties. SEStran appear on this list and are therefore required to submit a report.
- 1.3 SEStran voluntarily completed a trial report in 2014/15 and are now required to submit the first annual report for 2015/16 by 30<sup>th</sup> November 2016.

### **2. GOVERNANCE, MANAGEMENT & STRATEGY**

- 2.1 The report seeks to investigate how climate change actions are governed and what strategies the organisation has in place to address the issues. While SEStran do not have a specific climate change plan or strategy, many of the objectives of the RTS seek to address issues around climate change. The organisation's priorities for the reporting year (16/17) include:
  - Travel plans to be created for staff travel
  - Procurement policy to incorporate methods of sustainable procurement
  - To further address climate change issues in the new RTS
  - To implement a Business Travel Policy.
- 2.2 A new Business Travel Policy has been drafted to formalise arrangements for staff business travel. This will introduce a business travel hierarchy for staff to adhere to, with the aim of reducing unnecessary travel and encouraging sustainable travel where possible. A copy of this policy is included as an annex for the Committee's attention and approval.

### **3. EMISSIONS, TARGETS AND PROJECTS**

- 3.1 As part of the reporting procedures SEStran are required to submit figures for the organisation's emission sources. This includes water, electricity, recycling, business travel and staff travel to work. 2014/15 will serve as a baseline year for our total carbon emissions which was estimated to be 20 tonnes of CO<sub>2</sub>. 2015/16 carbon emissions are estimated to be 14.2 and therefore SEStran have achieved a reduction in our emissions.
- 3.2 It is recognised that due to the office move in February 2016, these emissions



may vary, with the anticipation that emissions from office facilities such as electricity and water being reduced.

- 3.3 SEStran have agreed to an annual reduction in business travel in an effort to reduce our carbon emissions. However, it is recognised that for certain projects a requirement for travel will remain.

#### **4. ADAPTATION**

- 4.1 SEStran does not currently have a specific strategy that addresses climate change risks, however the Business Continuity Plan does address some of these issues in terms of potential risks to the organisation. The plan was referenced in the report but could not be included due to the high level of personal data it contained.
- 4.2 Adaptation to climate change has not been addressed by SEStran in 15/16. However, adaptation to climate change will be addressed as a key “main issue” of the upcoming new RTS.
- 4.3 In order to review current and future climate risks, it has been agreed that any potential climate change risks will be incorporated in to the existing risk register and these will be evaluated on an annual basis.

#### **5. PROCUREMENT**

- 5.1 The current SEStran Contract Standing Orders do not specifically address compliance with climate change duties. They do state that they are subject to any EU commission, UK government or Scottish Government guidance on public procurement that may be issued. To address the issues more specifically, the draft Procurement Policy incorporates the Procurement Reform (Scotland) Act 2014 Sustainable Procurement Duty. (See item A7)

#### **6. VALIDATION**

- 6.1 SEStran have agreed that the report will be validated internally by employees and will seek approval from the Partnership Board at a future meeting before submission.

#### **7. CONCLUSION**

- 7.1 As this is the first year of reporting, several gaps in SEStran’s compliance with our climate change duties have been identified, particularly around adaptation and procurement.
- 7.2 SEStran will address these gaps and aim to produce an improved and fuller report for 2016/17.

#### **8. RECOMMENDATION**

- 8.1 The committee is asked to consider the Business Travel Policy for approval.
- 8.2 The committee is asked to approve the submission of the SEStran Climate Change report to SSN.

Emily Whitters

**Administrator**

September 2016

**Appendix 1 – Business Travel Policy**

Policy Implications	Implementation of Business Travel Policy.
Financial Implications	Reduced business travel may result in cost savings for the organisation.
Race Equalities Implications	None
Gender Equalities Implications	None
Disability Equalities Implications	None
Climate Change Implications	SEStran's carbon emissions will now be monitored, with the planned result being a reduction in emissions. Potential Climate Change risks to the organisation will be assessed.



## **BUSINESS TRAVEL POLICY**

**July 2016**

## **POLICY STATEMENT**

The South-East of Scotland Transport Partnership (SEStran) is committed to reducing the financial and environmental impact arising from its business travel. SEStran is tasked with reducing its carbon emissions through the Public Body Duties under the Climate Change (Scotland) Act 2009. Where possible, the aim of this policy is to encourage employees to reduce unnecessary travel and encourage the use of more sustainable forms of transport. However, SEStran recognises that occasionally there is no alternative to using a car for business travel and this policy is not intended to impede business travel where it is required nor to restrict car use where it is the most appropriate mode of transport for business purposes. This policy applies to all staff employed by SEStran and all Partnership Board members.

## **OBJECTIVES**

SEStran is committed to encouraging greener travel and as such this policy endorses the following objectives:

- To reduce the need to travel
- To increase awareness among staff of travel choices and their implications
- To encourage the use of sustainable forms of transport on official business

## **BUSINESS TRAVEL HIERARCHY**

Before undertaking any journey, staff should consider the Business Travel Hierarchy.

1. Is there a need for travel – would a telephone call, video conference or email deliver the same outcome.
2. Walking/Cycling – These are the healthiest, most sustainable and lowest cost travel options, however only viable for journeys over a short distance.
3. Bus/Rail – Public transport provides an alternative to car-based business travel. Benefits include lower CO2 emissions and increased efficiency allowing for the ability to work while travelling.
4. Taxi/Private Car – It is recognised that sometimes this may be the most time-efficient mode of transport however, this results in congestion and high carbon emissions. Therefore multi-occupancy trips should be encouraged where possible.
5. Air Travel – This method of transport may be more efficient in terms of cost and travel time however it does result in the highest CO2 emissions.

## **RESPONSIBILITY**

### ***Partnership Director***

- Should seek to apply this policy throughout the organisation
- Cascade the policy to ensure that all staff are aware of and adhere to the policy
- Ensure the policy is applied fairly and consistently across the organisation
- Review, on a regular basis, the implementation of this policy.

- Encourage discussion with staff on how business travel contributes to the organisation's carbon emissions, reviewing how staff travel against the business travel hierarchy and explore with staff, opportunities where more appropriate travel choices can be made, in order to encourage a reduction in business mileage and carbon emissions.

### ***Individual Employees***

Staff are required to follow this Business Travel Policy and to make their contribution towards making SEStran a more sustainable organisation.

### **REVIEW**

This policy is designed to encourage a change in staff business travel modes to be more financially efficient and to reduce the organisations CO2 emissions. A baseline of the organisation's annual mileage and carbon emissions has been established by the Climate Change Report. This will be monitored on an annual basis and the policy will be subject to review every three years.

## **Public Services Reform (Scotland) Act 2010**

### **1. INTRODUCTION**

- 1.1 The Scottish Regional Transport Partnerships are included in the schedule of the Public Services Reform (Scotland) Act 2010. This requires annual publication of certain information and this report advises the Board of the information to be published.

### **2. DATA TO BE PUBLISHED**

#### **2.1 Expenditure**

- 2.1.1 Section 31 (1) and (2) require public bodies to publish as soon as is reasonably practical after the end of each financial year a statement of any expenditure they have incurred during that financial year on or in connection with the following matters:

- Public relations
- Overseas travel
- Hospitality and entertainment
- External consultancy
- Payments with a value in excess of £25,000
- Members or employees who received remuneration in excess of £150,00

#### **2.2 SUSTAINABLE ECONOMIC GROWTH**

- 2.2.1 Section 32(1)(a) provides that as soon as is reasonably practical after the end of each financial year each listed public body must publish a statement of the steps it has taken during that financial year to promote and increase sustainable growth through the exercise of its functions. As this requires the publication of a statement it is not sufficient simply to refer to other published material such as the annual report.

#### **2.3 EFFICIENCY, EFFECTIVENESS & ECONOMY**

- 2.3.1 Section 32(1)(b) provides that as soon as is reasonably practical after the end of each financial year each listed public body must publish a statement of the steps it has taken during that financial year to improve efficiency, effectiveness and economy in the exercise of its functions. Again this requires the publication of a free standing statement and it is not sufficient simply to refer to other published material such as the annual report.

- 2.4 The data as described in sections 2.1 to 2.3 of this report is included in appendix 1 of this report and will be published on the SEStran web site in accordance with the requirements of the Act.

### **3. RECOMMENDATION**

- 3.1 The board is asked to note the content of the material for publication under the Public Services Reform (Scotland) Act 2010 and detailed in appendix 1 of this report and to agree that the relevant separate statements will be published on the SEStran web site.

Emily Whitters

**Administrator**

September 2016

#### **Appendix 1 – Statement of Compliance with the Public Services Reform (Scotland) Act 2010**

Policy Implications	None
Financial Implications	As detailed in appendix 1.
Race Equalities Implications	None
Gender Equalities Implications	None
Disability Equalities Implications	None
Climate Change Implications	None

**Statements of Compliance with the Public Services Reform (Scotland) Act 2010**

**1. BACKGROUND**

- 1.1 Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 (“the Act”) impose duties on Scottish public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year. This statement is produced by the South East of Scotland Transport Partnership (SEStran) to ensure compliance with the requirements of the Act.
- 1.2 We work hard to be a transparent, responsive, best value organisation and to deliver our vision for the transport network of South East of Scotland as outlined in our statutory Regional Transport Strategy.
- 1.3 The vision of SEStran is for a regional transport system that:  
***“Provides all citizens of South East Scotland with a genuine choice of transport which fulfils their needs and provides travel opportunities for work and leisure on a sustainable basis.”***
- 1.4 Our annual report and accounts for 2015/16 sets out the impact of our work and the outcomes we achieved, together with our associated costs. This is laid before the Partnership Board of SEStran in September 2016. The purpose of this statement is to disclose those costs which are relevant to Section 31(1) and (2) of the Act.

**2. PUBLIC RELATIONS**

- 2.1 We spent £87,390 on public relations in 2015/16. This is 2.8% of our total expenditure in the year. The costs included design, printing and publication of documents, including our annual reports, other documents and Business Plan 2016/17.
- 2.2 Most notably 2015/16 saw the launch of our refreshed RTS and Delivery Plan. We incurred printing costs to enable us to provide hard copies of this report to key stakeholders but in future years we have agreed with Transport Scotland to move towards greater use of e-publications.

**3. OVERSEAS TRAVEL**

- 3.1 We incurred expenditure of £6215 on overseas travel in 2015/16. This is the equivalent of 0.2% of our total expenditure. This travel is in relation to European projects that SEStran is involved in and is therefore subsidised by the EU at a percentage varying from 50% to 100%.

**4. HOSPITALITY & ENTERTAINMENT**



- 4.1 We incurred expenditure of £2675 on hospitality, including catering costs, in 2015/16. This is the equivalent of 0.08% of our total expenditure. No expenditure was incurred on gifts, benefits or sporting or cultural events.

## 5. EXTERNAL CONSULTANCY

- 5.1 We incurred expenditure of £1,613,956 on external consultancy. This is the equivalent of 51% of our total expenditure. We commissioned a range of projects and employed Lindean Partnership Ltd, JPFS Consultancy, WYG, Coachline, Systra and Onestop IT Solutions.

## 6. PAYMENTS IN EXCESS OF £25,000

- 6.1 Section 31(3) of the Act places a duty on public bodies to publish the amount, date, payee and subject matter of any payment made during the financial year which has a value in excess of £25,000.

- 6.2 SEStran made the following payments over £25,000

Payee	Subject Matter	Payment Date	Gross Amount
East Lothian Council	Urban Cycle Networks Grant	01/06/15	£39,000
East Lothian Council	Urban Cycle Networks Grant	01/06/15	£35,000
Edinburgh College	Sustainable Travel Awareness	08/04/15	£25,000
INEO Systrans	BIF 2	15/02/16	£31,680
INEO Systrans	BIF 2	15/02/16	£40,541
INEO Systrans	BIF 2	17/03/16	£96,821
INEO Systrans	BIF 3	15/02/16	£27,768
WYG Group	BIF 3	08/04/16	£25,810
INEO Systrans	RTPI	07/04/15	£33,808
INEO Systrans	RTPI	07/04/15	£38,492
INEO Systrans	RTPI	07/04/15	£43,851
INEO Systrans	RTPI	09/10/15	£176,645
WYG Group	BIF 3	08/04/16	£25,810
WYG Group	BIF 3	19/10/15	£41,781
Network Rail	Rail Stations Development	24/06/15	£60,363
Network Rail	Rail Stations Development	19/10/15	£148,215
Network Rail	Rail Stations Development	08/04/16	£188,466
Network Rail	Rail Stations Development	30/10/15	£224,768
Network Rail	Rail Stations Development	14/12/15	£257,819
SSUK	BIF 3	29/02/16	£27,086

SSUK	BIF 3	21/03/16	£183,987
Trapeze	Routewise Support	14/04/15	£50,818
Liftshare	Tripshare Scheme	16/11/15	£26,399
West Lothian Council	Urban Cycle Networks Grant	08/04/16	£25,000

- 6.3 All RTPI and BIF payments were in relation to ongoing work to the Real Time Passenger Information project that SEStran operates.
- 6.4 The Rail Stations Development payments were in relation to the development of East Linton & Reston stations.
- 6.5 Throughout 2015/16 SEStran paid certain consultants in excess of £25,000 over several payments. These are listed below:

Supplier	Subject Matter	Total Amount
Ineo Systrans	RTPI	£438,157
Lindean Partnership Ltd	Project Management	£36,657
Network Rail	Rail Stations Development	£937,046
WYG Group	RTPI	£58,824
Coachline	One Ticket	£51,403
Onestop IT	IT Support	£27,427

## **7. MEMBERS OR EMPLOYEES WHO RECEIVE REMUNERATION IN EXCESS OF £150,000**

- 7.1 Section 31(4) of the Act places a duty on public bodies to publish the number of individuals who received remuneration in excess of £150,000.
- 7.2 No employee, office holder or other individual involved with SEStran received remuneration in excess of £150,000 during 2015/16.

## **8. SUSTAINABLE ECONOMIC GROWTH**

- 8.1 Section 32(1)(a) of the Act places a duty on public bodies to publish a statement of the steps it has taken during the financial year to promote and increase sustainable growth through the exercise of its functions.
- 8.2 SEStran is a statutory body, under the Transport (Scotland) Act 2005 and is tasked with producing a Regional Transport Strategy for South East Scotland.
- 8.3 The following statement sets out the steps that SEStran has taken in 2015-16 to promote and increase sustainable economic growth in the exercise of its functions. Further information on this and our work is contained in our Audited Annual Accounts and Annual Report for 2015-16.

- 8.4 In delivering against our published priorities in the revised Regional Transport Strategy, we contributed to the Scottish Government's overall objectives and National Outcomes. During 2015/16 our work contributed to:
- Reducing the number of commuter journeys by single occupancy vehicles within the South East of Scotland
  - Minimising the overall need for travel; overall by car
  - Maximising public transport provision and achieving public transport integration and intermodality
  - Improving safety for all road and transport users
  - Enhancing community life and social inclusion
  - Maintaining existing infrastructure to a standard that ensures that it can be fully utilised
  - Enhancing movement of freight, particularly by rail and other off-road modes
  - Enhancing real time passenger information available for bus services in both urban and rural areas

## **9. EFFICIENCY, EFFECTIVENESS AND ECONOMY**

- 9.1 Section 32(1)(a) of the Act requires public bodies to publish a statement of the steps taken to improve efficiency, effectiveness and economy in the exercise of their functions.
- 9.2 The following statement sets out the steps that South-East of Scotland Regional Transport Partnership (SEStran) has taken in 2015-16 to improve its efficiency, effectiveness and economy in the exercise of its functions.
- 9.3 Supporting the principles of public sector reform, SEStran is aware of the overall need to ensure the delivery of public services as efficiently and effectively as possible.
- 9.4 In relation to the Scottish Government's National Outcome 16: *Our public services are high quality, continually improving, efficient and responsive to local people's needs*, we are committed to delivering services that are high quality, continually improving, efficient and responsive.
- 9.5 We receive from our constituent council members in total £200,000.
- 9.6 In 2015/16 a grant of £782,000 was received from the Scottish Government. We spent 97.2% of our £3,164,000 budget.
- 9.7 In 2015/16 SEStran were involved with several European projects as follows:
- CHUMS
  - Social Car
  - Share-North
- 9.8 We received £131,000 from the EU in relation to these projects.

- 9.9 Over the last year we have continued to deliver best value for our members and funders. In 2015/16 the office moved to Scottish Government, Victoria Quay buildings which will result in an annual saving of £24,000 in comparison to the previous rent for office space at East Claremont Street.
- 9.10 In the current economic climate, and with reduced resources, we will continue to work with all involved in regional transport to ensure effective delivery of strategy, policy and projects that deliver the vision for the transport network of the South East of Scotland.

## **1. INTRODUCTION**

- 1.1 The purpose of this report is to outline the changes to the format of this year's Annual Report following consultation with Transport Scotland, and the development of a new SEStran website.

## **2. ANNUAL REPORT**

- 2.1 SEStran officers have reviewed the structure and contents of the Annual Report. The general view was that the format was lengthy and outdated, and that, therefore, it would be beneficial to produce a shorter document that clearly outlined and highlighted SEStran's work.
- 2.2 Consultation was held with Transport Scotland to discuss the statutory requirements of the Annual Report. Transport Scotland advised that it is the decision of the Regional Transport Partnerships on what to report to Ministers and stakeholders, but cognisance of the National Transport Strategy should be clearly demonstrated.
- 2.3 As a result of this discussion it was agreed that SEStran would produce a streamlined report, focusing on the varied project portfolio and include the key outcomes of the Regional Transport Strategy monitoring.
- 2.4 The Annual Report will be used as a platform to showcase the contributions SEStran has made to a number of projects over the last year, including three new European projects and a commissioned study delivered by Young Scot.
- 2.5 To assist with the redesign of the report, it was agreed to seek quotes from consultants to carry out this work. After attempting to obtain three quotes, two quotes were received from Links Design and Stand. On the basis of a similar price, albeit Stand being a little lower, on a cost/quality basis it was agreed to procure a new website from Stand.
- 2.6 The Annual Report is currently in the process of being redesigned by Stand and will be finalised by the end of September. Unlike previous versions, where copies were printed, the 2015/16 report will only be available online with copies available on request, making a saving of around £1500.

## **3. WEBSITE**

- 3.1 The SEStran website was developed in 2006 and has now lost its ability to function effectively. It is unresponsive across different platforms, has a high monthly hosting cost, and due to a poor content management system the website has become clogged with content, much of which is outdated. A redesign has been under consideration for several years but due to budgetary constraints it has never been actioned.

- 3.2 Following the decision to redevelop the Regional Transport Strategy, the involvement with REGIO MOB and a general consensus amongst officers that the current website is not fit for purpose, the need for a new website became a priority.
- 3.3 Subsequently a decision was made to use money from communications and REGIO MOB budget to fund the development of a new website. This will prove beneficial by providing SEStran with the necessary space to clearly establish its identity and purpose. Furthermore, as the planning and development of the Regional Transport Strategy gets under way, it will offer a platform for consultation and will encourage engagement.
- 3.4 As part of the REGIO MOB project, SEStran has a commitment to publicise the project across a number of platforms. The website would provide a space dedicated to the project which would provide an easy reference point for any promotion of the project.
- 3.5 SEStran sought out three quotes from Links Design, Contrail Digital and The Lane. The three options offered high quality solutions. However, at almost half the price of the others, Contrail Digital offered a quality solution at a much lower price. Therefore on a cost/quality basis it was agreed to procure a new website from Contrail Digital.
- 3.6 The website is currently in the initial stages of the design process.

#### **4. CONCLUSION**

- 4.1 The Committee is asked to note the contents of the draft Annual Report 15/16, which will now be brought to the Board for approval.

Moiria Nelson

**Marketing & Project Support Officer**

September 2016

#### **Appendix 1 – Draft Annual Report 15/16**

Policy Implications	None
Financial Implications	Revised costs can be met from within existing budget.
Race Equalities Implications	None
Gender Equalities Implications	None

Disability Equalities Implications	None
Climate Change Implications	None

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## Foreword

This year has signalled a time of change for SEStran. In December 2015 long-standing Chair, Cllr Russell Imrie, stepped down from the post after serving his maximum permissible term. I am pleased that Cllr Imrie has agreed to continue his distinguished work with SEStran as the Senior Vice Chair and, as the newly appointed Chair, I look forward to using this opportunity to help re-establish the strategic role of SEStran in planning for and delivering the policy context for the inclusive and sustainable growth of the South East of Scotland in the coming years.

In April 2016 SEStran's Partnership Director, Alex Macaulay, bid farewell to the partnership after 10 years when he retired. The Board has expressed their thanks and appreciation for his work. Alex's ability to make a positive change to the transportation sector in the last decade was highlighted, for example through the implementation of the RTPI project as well as his work as an ambassador and champion for SEStran through networking and advocacy.

SEStran has continued to make positive progress in developing and delivering the Regional Transport Strategy (RTS) through a number of projects:

The continued growth of Tripshare- SEStran's car sharing initiative, the fastest growing of its kind in the region; Real-time passenger information hit a landmark when all First and Stagecoach buses in the SEStran area were able to provide real-time data; we continued to work with European partners on various transport projects, including three new secured funding bids. One of our latest projects is Regio-Mob where SEStran is contributing and sharing ideas and experience in order to improve strategies for citizens and communities.

One of our highlights of 2015/16 has been working in partnership with Young Scot on a match-funded study looking at young people's views on active travel and the barriers they face. As a result of the positive engagement with young people, SEStran will look to continue to seek the views of children and young people in the planning and development process of the new Regional Transport Strategy

I'd like to thank all of those who have worked with us over the past year. We look forward to continuing working together over the next year which will be a time of fundamental change for the partnership.

\*Lesley's signature and picture\*

# Introduction

## About Us

SEStran is the statutory Regional Transport Partnership for the south east of Scotland, We are one of seven Regional Transport Partnerships in Scotland established under the Transport (Scotland) Act 2005. SEStran encompasses eight local authorities.

\*Insert area map. Similar detail to the map on page 1.1 of the RTS. Nicer colours\*

## Local Authority partners

City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian.

## SEStran Team

SEStran has a core staff of 10, as of August 2016:

- Partnership Director- George Eckton
- Office Manger/PA to Director- Angela Chambers
- Strategy Manager- Alastair Short
- Programme Manager- Jim Grieve
- Strategy Liaison Officer- Lisa Freeman
- Project Officer- Catriona Macdonald
- Marketing & Project Support Officer- Moira Nelson
- Communications Officer- Andrew Dougal
- Administrator- Emily Whitters
- Clerical Assistant- Nikki Boath

## Headquarters

SEStran's operational and administrative premises are based in Edinburgh. In February 2016 the office was relocated to the Scottish Government building, Victoria Quay.

## Partnership Board

The board consists of 20 elected members from the partnership local authorities and eight appointed members. The Partnership Board meet quarterly.

## Equalities

In April 2015 SEStran published a set of Equality Outcomes in line with our Public Duties requirements. These outcomes ensure that equality issues are fully addressed in the exercising of our functions and working environment and how and who will achieve them.

## Groups & Sub-Groups

SEStran has a number of forums and groups which meet throughout the year to discuss a number of issues. Groups that have met in 2015/16

- Access to Health Care
- Air Forum
- Bus Forum
- Chief Officers Liaison Group
- Equalities Forum
- Freight Quality Partnership
- Performance & Audit Committee
- Rail Forum
- South Tay P&R Steering Group
- Sustainable Transport Forum

# Partnership Board

Cllr Lesley Hinds

Chair, City of Edinburgh - Labour



Cllr Russell Imrie

Vice Chair, Midlothian- Labour



Cllr Pat Callaghan

Vice Chair, Fife - Labour

Cllr Gordon Edgar

Vice Chair, Scottish Borders- Independent

Cllr Nick Gardner

City of Edinburgh- Labour

Cllr Bill Henderson

City of Edinburgh- SNP

Cllr Adam McVey

City of Edinburgh- SNP

Cllr Nick Cook

City of Edinburgh- Conservative

Cllr Norman Hampshire

East Lothian- Labour

Cllr Michael Veitch

East Lothian- Conservative

Cllr Donald Balsillie

Clackmannanshire- SNP

Cllr Irene Hamilton

Clackmannanshire- SNP

Cllr Joe Rosiejak

Fife- Liberal Democrat

Cllr Ian Chisholm

Fife- SNP

Cllr Tony Boyle

West Lothian- Labour

Cllr Cathy Muldoon

West Lothian- Labour

Cllr Jim Bryant

Midlothian- SNP

Cllr Jim Fullerton

Scottish Borders- Conservative

Cllr Stephen Bird

Falkirk- SNP

Cllr Tom Coleman

Falkirk- SNP

\*include rest of board members pictures next to names\*

## Non - Elected Board Members

Mr Charlie Anderson

Mr Graham Bell

Mr Phil Flanders

Mr John Jack

Mr John Martin

Mr Neil Renilson

Mr Sandy Scotland

Mr Tom Steele

Mr Barry Turner

## SEStran's Vision

*A regional transport system that:*

*"Provides all citizens of South East Scotland with a genuine choice of transport which fulfils their needs and provides travel opportunities for work and leisure on a sustainable basis."*

Aims/Objectives:

- Allow all groups in society to share in the region's success through high quality **access to services and opportunities** including healthcare, education, public services and employment opportunities
- Reducing the number of commuter journeys by single occupancy vehicles within South East Scotland
- Maximising public transport provision and achieving public transport integration and intermodality
- Improving **safety** for all road and transport users
- Enhancing community life and social **inclusion**
- Maintaining existing infrastructure to a standard that ensures that it can be fully utilised
- Enhancing movement of freight, especially by rail and other non-road modes

Target

*"By 2022, to reduce the percentage of people commuting to Edinburgh by single occupant car from each local authority area in South East Scotland by 10% compared to a 2001 base. For Edinburgh residents working outwith the City Council area, to reduce their reliance on the single occupant car for commuting by 10% also over the same period."*

Insert table/infographic/picture here

## SEStran: What we do

SEStran contributes to a varied range of transport projects and events. This year we have been involved in partnerships with Young Scot, provided funding to organisations such as Changeworks, sponsored a range of active travel events and been successful in securing three new European projects.

### European Projects

SEStran has been involved in various European projects over the years and this has been no different in 2015/16. Following three successful bids for European funding this year, SEStran is pleased to continue to be involved in working closely with European partners on innovative and progressive transport projects. Contributing and sharing ideas to help benefit our own regional transport network.

#### **SHARE North: Shared Mobility Solutions for a Liveable and Low-Carbon North Sea Region**

##### **Interreg North Sea Region**

The Interreg North Sea Region programme supports transnational partnerships to address some of the most important challenges facing the area. SHARE North, which began in December 2015, falls under the 'Green Mobility and Transport' theme which aims to develop innovations to reduce emissions, improve air quality and relieve congestion which threatens the efficient flow of goods and people around the region and beyond.

The Interreg North Sea Region Project 'SHARE North: Shared Mobility Solutions for a Liveable and Low-Carbon North Sea Region' involves nine European partners and includes activities for developing, implementing, promoting and assessing car sharing, bike sharing, car clubs and other forms of shared mobility in urban and rural areas and employment clusters. The planned living labs will integrate modern technology with activities to support changes in mobility behaviour. The SHARE North partners are as follows:

- The City of Bremen, Germany (Lead Partner)
- Advier, The Netherlands
- Autodelen.net, Belgium
- City of Bergen, Norway
- Leiedal, Belgium
- Lund University, Sweden
- Taxistop, Belgium
- West Yorkshire Combined Authority, England
- Invited expert: The Mobility Academy, Switzerland

The objectives of the project are resource efficiency, improving accessibility, increased efficiency in the use of transport infrastructure, reduction of space consumption for transport, improving quality of life and low carbon transport.

SEStran's role in the project will involve joint working with Enterprise Car Club and Edinburgh College along with other organisations to address Electric Vehicle (EV) use in the region, promotion of SEStran

Tripshare, work to discuss and define the role of shared mobility for different modes of transport in combination with public transport, and to support electric bike use in the region. SEStran is also leading on the coordination of a shared mobility manual for local governments and municipalities across Europe.

## REGIO MOB

### Interreg Europe

The Interreg Europe programme helps regional and local governments across Europe to develop and deliver better policy. By creating an environment and opportunities for sharing solutions, Interreg Europe aim to ensure that government investment, innovation and implementation efforts all lead to an integrated and sustainable impact for people and place. Interreg Europe offers opportunities for regional and local public authorities across Europe to share ideas and experience on public policy in practice, therefore improving strategies for their citizens and communities.

The REGIO MOB project involves seven European partners with the main objective being to ensure sustainable growth in Europe by promoting sustainable mobility and improving the relevant policy instruments in each of the participating regions. The REGIO MOB project partners are as follows:

- Andalusian Institute of Technology, Spain (Lead Partner)
- Institute of Traffic and Transport Ljubljana, Slovenia
- Regional Association of Lazio Municipalities, Italy
- Niepolomice Municipality, Poland
- Regional Development Agency South-West Oltenia, Romania
- Region of Western Macedonia, Greece

The project contributes to the consolidation of regional sustainable mobility in the participating regions, improving the way they articulate and implement their policies. During the first stage of the project, the partners aim to develop the regions through mutual learning, benchmarking and regional analysis. In the second phase, the partners will focus on the implementation of derivative actions and the promotion of regional plans of mobility and new policies on sustainable mobility.

SEStran's role in the project will involve a SWOT analysis of the Regional Transport Strategy and a series of stakeholder workshops to determine best practice examples from the SEStran region that can be shared with the REGIO MOB partners. SEStran will use the REGIO MOB opportunity to begin the process of writing a completely new Regional Transport Strategy which incorporates outcomes from stakeholder workshops and best practice examples from other REGIO MOB partners.

## Social Car

### Horizon 2020

Funded (100%) under the Horizon 2020 programme until December 2017, SocialCar aims to integrate public transport information, car-pooling and crowd sourced data in order to provide a single source of information for the traveller to compare multiple options/services. This will be achieved through the development of algorithms and the integration of 'big data' related to public transport, carpooling and crowd sourcing in order to provide the final user with a simplified travel experience. Allowing

comparison and choice between multiple options/services, SocialCar will take advantage Social Media to communicate, share information and provide notifications to travellers. The project aims to capitalise on a pan European team with a background in social, psychological and economic sciences. The involvement of 10 European urban sites will prove the concept, validity and business case.

SocialCar Objectives:

- Contribute to the EU2020 targets on energy efficiency and renewable energy sources reducing congestion by improving and maximising connectivity and information
- Overcoming the limitations of current carpooling practices moving from long trips to effective urban and peri-urban use
- Validate green driving support systems, active management based on European GNSS (global navigation satellite system)
- Identify suitable 'big data' management architecture for integrating mobility data
- Produce a city-based open integrated mobility repository of public transport and traffic city-based data

## CHUMS

### Intelligent Energy Europe

Funded (75%) through the Intelligent Energy Europe STEER Programme until August 2016, The CHUMS (Changing Habits for Urban Mobility Solutions) Project looks at a behaviour change strategy. Measures within the strategy include: the promotion of a car share week, personalised travel plans (which also include car sharing options) a mobility 'jackpot lottery' to incentivise people to alter their travel behaviour. Throughout the project, SEStran will be working closely with Edinburgh University, Edinburgh Park, City of Edinburgh Council and Liftshare UK to implement these measures to employees and students.

The overall aim of the project was to apply the CHUMS behavioural change strategy, developed by the consortium and to transfer these measures to the rest of Europe. This was done through the 5 demonstration or 'champion' cites: Craiova (RO), Edinburgh (UK), Leuven (B), Toulouse (FR) and Perugia (IT).

All of the 5 'champion cities' used web-based car share systems, at various stages of maturity, many of which served 'closed' target groups such as work-places, large employers or Universities. The project developed a European car sharing stakeholder group with members from 19 member states; where further take-up of the CHUMS measures is to be delivered after the completion of the project.

### Real-Time Passenger Information

SEStran's Real-Time Passenger Information (RTPI) initiative, part-funded by the European Regional Development Fund (ERDF) and by Transport Scotland's Bus Investment Fund (BIF), has been one of our flagship projects over the previous years. Over £5million has been invested in the system since 2009 to bring real-time information to south east Scotland, with the aim of making public transport an easier and more accessible choice. The initial funding from ERDF and BIF 1 and 2, allowed SEStran to start the

fitment of buses and develop a back-office system, including website and mobile app, in partnership with INEO.

In early 2016, SEStran reached a landmark; all First and Stagecoach fleets, in the region, were fully equipped to provide real-time passenger information. This means that their passengers can now access live bus times through the dedicated bustracker website and mobile app and the bus companies also have a sophisticated fleet management system.

### Digital Signage

In 2014, SEStran succeeded in winning £500k from the Government's Bus Investment Fund (BIF) for the implementation of digital screens in public places to increase the availability and accessibility of RTPi. SEStran used the funding to buy the necessary equipment and hopes to have this distributed by the end of the financial year. There are currently 150 screens committed throughout the region in locations such as: primary schools, libraries, shopping centres, universities. One of the most prominent locations is Waverley Mall, where the screens display bus, tram, rail and airlink services. \*picture of WM screen here\* SEStran will continue to rollout the digital screens throughout commercial and public organisations as negotiations progress.

### Changing Travel Behaviour

#### Tripshare

Life's more fun when you share! TripshareSEStran has continued to grow in popularity since its launch in 2006, with current membership at over 8800 people it is the region's fastest growing car share scheme. Encouraging people to share the cost of a journey and reduce the amount of single-occupancy commuters on the road.

During the Forth Road Bridge closure in December, 2015, and following endorsement from the Transport Minister, car-sharing popularity saw an increase. One member from Edinburgh Park highlighted the effectiveness of car sharing during the closure:

***"Unfortunately, living in a rural area, Public transport just wasn't an option to me. My employer was very supportive and allowed me to work from home two days out of the working week. But, for the days I had to be at work, Tripshare helped me to save money on the additional miles on my journey due to the bridge closure".***

Tripshare can offer those who do not have access to a car a low cost alternative to access to services and resources that may not have been attainable otherwise. As well as reducing the harmful effects of vehicle emissions on the environment and the congestion on our roads.

Reducing the number of cars on the region's roads remains a high priority to SEStran however, when leaving the car behind is not an option, Tripshare could provide those driving on their own a more sustainable, economic and a more social way of getting from A to B.

Nice graphic similar to that of SPT =





Insert quote: *If people who routinely drove to work shared their journey just once a week it would take up to 20% of cars off the region's roads*

### SEStran Sustainable and Active Travel Grant Scheme (SATGS)

The SEStran Sustainable and Active Travel Grant Scheme aims to support and encourage Travel Planning and Active Travel measures. SATGS can be used to support physical measures implemented as part of a Travel Plan and provide support for organisations actively developing a Travel Plan. Grants may range from £500 to £25,000 and will normally be up to a maximum of 50% of any proposal, although in exceptional circumstances higher awards may be made. The applicant will be responsible for securing the remaining 50% matching funding which should include a contribution directly from the applicant and may not come wholly from another grant scheme. In 2015/16 SEStran provided match funding for a number of organizations and local authorities including: **East Lothian Council, Scottish Borders, Edinburgh College, Police Scotland, University of Edinburgh** and **Changeworks**. As well as helping to fund cycling improvement projects; electric vehicles and walking projects were also supported.

\*insert picture of Changeworks bike shed\*

### Thistle Card

The SEStran Thistle Card was recognised by the Scottish Accessible Transport Alliance (SATA) when it received the Achievement Award 2015. The award was presented to SEStran 'in recognition of outstanding achievement in facilitating transport services for disabled people.' Since being taken up by SEStran, and relaunched in 2011, 8,000 cards have been distributed.

The Thistle Card is an aid for those with disabilities or illness or who may require assistance or more time when using public transport. It quickly alerts the driver of this making the travelling experience that bit easier. Thanks to the input of the Equalities Forum who have supported and advised on the Thistle Card. Taking the Thistle Card forward, in early 2016, SEStran began the process of creating an app so people could use their mobile phone to indicate their needs to the driver. The app is currently in development and is due for release in Autumn 2016.

\*Insert awards picture\*

### Events

SEStran continues to sponsor and support sustainable, non-competitive, active travel and transport events throughout the region. By providing funding to help facilitate and encourage participation for all-abilities. Sponsorship from 2015/16 includes **Tweedlove Family Ride, Edinburgh Festival of Cycling Commuter Challenge, Pedal from the Meadows, and Borders Walking Festival**

\*insert picture collage of below events\*

## Transport for Regional Growth

In November 2015, SEStran hosted its first major transport conference, Transport for Regional Growth. The conference brought together stakeholders from all aspects of regional transportation including; public transport, freight, road, rail, sea and air to discuss the future of regional transport planning. The day-long event was opened with a keynote speech from the Transport Minister who was followed by a host of industry professionals sharing perspectives from industry, national, regional, local government, sustainable transportation initiatives, transport planning and major transportation infrastructure projects. SEStran would like to thank those who attended on the day, and especially the speakers who offered an insightful and interesting contribution.

## Updates

### Park & Ride

Progress was made on the implementation of the South Tay Bus P&R project in that we are now close to a lease agreement with the Tay Road Bridge Joint Board for the relevant land just south of the Bridge and we are also negotiating a possible detailed design agreement with Fife Council.

### Rail

There was significant progress on the implementation of rail projects in the SEStran area, in particular the provision of rail stations at East Linton and Reston. We completed the initial business case study for a station in Newburgh and we were successful in obtaining funds from the 'Station fund' towards station car parks at Falkirk High and Leuchars stations.

### High Speed Rail

SEStran has been active in promoting High Speed Rail to (and within) Scotland and SEStran chaired the High Speed Rail Scotland Group. Over the year, we became active in the HS2East group, representing Councils up the East Coast of the UK that are advocating the continuation of the High Speed Rail network (HS2) beyond Leeds and towards Edinburgh.

# Strategy

## RTS Refresh

In July 2015 SEStran completed a refresh of its Regional Transport Strategy initially developed in 2008.

The refreshed strategy reflects the impacts of the recession on the strategy and updated travel statistics. One of the issues highlighted was the divergence of travel choice trends in Edinburgh compared to the rest of the SEStran area.

The refresh looked at the implications of new national objectives and gave greater emphasis to developing greater connectivity both nationally and internationally to the SEStran region to reflect the growing importance of economic growth.

One of the advantages of refreshing the strategy at this time was the ability to influence and tie in with the SESplan Strategic Development Plan and reflect the implications of potential future development.

In association with the refreshed strategy a refreshed Delivery Plan was also produced. This plan identified the lack of available capital funding to directly fund projects but clear priorities were identified for development when resources become available. The Delivery Plan also identified priorities for strategy development in order to achieve our objectives.

Both these documents are available on our web site.

## The Future of the RTS

During our Regional Strategy Refresh process it was appreciated that any further “refresh” would have to involve a total re-write of the strategy starting from first principles, to reflect the changed circumstances that the new strategy will have to address especially in light of the changed financial and policy context since the first Regional Transport Strategy in 2008.

Our involvement in the REGIO-MOB project gives us a great opportunity to work with others to develop the basis of a new strategy. The decision to develop a new Regional Transport Strategy was approved by the Board in June 2016.

## Regional Cycle Network Grant Scheme (RCNGS)- In partnership with Sustrans \*Insert Sustrans logo\*

In partnership with Sustrans, SEStran continue to appoint an Active Travel Officer to work with partner councils and stakeholders to provide support and guidance on active travel infrastructure throughout the region. The Sustrans funded Regional Cycle Network Grant Scheme aims to encourage the development of the Cycle Network throughout the Region. The allocated £100k budget can be used to support feasibility studies, design work, the development of infrastructure

and monitoring, as well as supporting innovation and public engagement. Grants may range from £500 to £25,000 and will normally be up to a maximum of 50% of any proposal, although in exceptional circumstances higher awards may be made.

This year's budget was spent on a number of projects with **Clackmannanshire Council, West Lothian Council, Falkirk Council, Transition St Andrews, City of Edinburgh Council** and **East Lothian Council**. The grant scheme has helped to fund feasibility studies for creating cycle corridors and cross-boundary links, and lighting and infrastructure improvements.

## **Page to be designed by Young Scot**

**Young Scot** \*Insert Young Scot logo here\*

One of the highlights of this year's grant scheme was the opportunity to work in partnership with Young Scot to fund a feasibility study encouraging young people to co-design their Regional Cycle Network. The study engaged with groups of young people throughout the region and brought them together to discuss their views and experiences of active travel. The groups shared their experiences and the problems they faced and as a result were tasked with designing solutions to these barriers. Following on from this a meeting with a range of stakeholders took place to discuss the outcomes of the workshops and to offer input and advice for the final report.

Findings of the report \*tbc\*

The study has proved invaluable in utilising the voices of children and young people to help influence and plan the transport network they will be using in the future. Going forward, SEStran believes that through working with Young Scot, young people will be able to contribute to shaping the new RTS.

**\*small infographic about Young Scot study including some of the data\***

**\*over 75% of young people surveyed had never heard the term active travel\***

## RTS Monitoring

The purpose of monitoring the RTS is to identify trends and indicators relating to the objectives set out in the RTS thus setting out conclusions in terms of the need for action.

Some key points to note are:

**Indicator: To maintain and improve labour market accessibility to key business/employment locations**

Compared to the TRACC base of 2012 it can be seen that in terms of the 60 minute WA population catchment, access has improved across the overall SEStran area. Of particular note is access to Edinburgh city centre (+15%), as well as Edinburgh Park/Gyle accessibility (+20%).

**Indicator: To maintain and improve connectivity to the rest of Scotland, the UK and beyond.**

The number of direct coach / bus services between the SEStran settlements has increased by 15% since 2009. The largest improvements since the base year have been between Dunfermline and Kirkcaldy (approx. +50 each way), Kirkcaldy and Glenrothes (+50, +30 in the reverse). Significant increases have also been seen between Edinburgh and Falkirk (approx. +20 each way), Glenrothes (approx. +11, and +20 in reverse), Dalkeith (approx. +25 each way), and Tranent (approx. +50 each way).

Against the overall increase there have been notable decreases too, particularly between Falkirk and Alloa (-20, -27 in the reverse), and Dunfermline and Glenrothes (-26, -45 in the reverse) since the base year.

**Indicator: To reduce the negative impacts of congestion, in particular to improve journey time reliability for passengers and freight**

Overall within the SEStran area there has been a very slight increase of 1% in the proportion of households with three cars since the base year and slight fall of 2% in one car households. Compared to Year 6 there has been a slight increase in the number of zero and three car owning households and a fall in the number of one and two car owning households. Bike availability has remained the same as Year 6 at 38% of households. This is a marginal increase of 3% from the base year.

**Indicator: To improve access to employment**

A comparison of access to employment measure for all areas with high Jobseeker Allowance (JSA) claimants derived from TRACC shows a trend of improving access between 2012 and 2016.

Overall, there has been a 4% increase in the Hansen score for access to employment from the SEStran region overall. The most notable improvements are observed in Midlothian and the Scottish Borders.

**Indicator: To improve access to health facilities**

Overall, access to hospitals for non-car owning households shows slight improvement across the SEStran area from the base. In terms of access from each local authority, Fife, Edinburgh, Midlothian, East Lothian, and West Lothian have all seen accessibility improvements since the 2012 base year across each time period. The Scottish Borders has seen a deterioration since the 2012 base year, with a slight reduction in accessibility in the evening peak. Clackmannanshire has seen little change from the base (other than a major reduction in accessibility on Sundays), however, this is a large improvement on accessibility from 2015.

**Indicator: To make public transport more affordable and socially inclusive**

67% of Adults (16+) who used a bus service in the past month (based on latest available data for 2012/2013) found the bus fares good value. This is 2% less compared to the base year (2005/2006)

46% of Adults (16+) who used a train service in the past month (based on latest available data for 2012/2013) found the bus fares good value. This is 6% less compared to the base year (2005/2006)

**Indicator: To contribute to the achievement of the UK's national targets and obligations on greenhouse gas emissions**

Traffic levels in the SEStran area have reduced by just under 1% between 2007 and 2014. However, this figure is still 10% higher than traffic levels in 2001. Fuel consumption in the area has decreased by 9% between 2006 and 2013, this is also a 15% reduction on 2002 figures.

**Indicator: To promote more sustainable travel**

Mode choice for commuting has remained relatively unchanged from the base year across the SEStran area as a whole, however, there are some notable changes at the Local Authority level. For example, the City of Edinburgh experienced an increase in cycling for travel to work from 3% to 12%. There has also been a notable fall (8%) in people driving to work in Edinburgh and Midlothian while in contrast there has been an increase of between 8% to 10% in Fife and Clackmannanshire.

**Indicator: To increase the proportion of trips by walk / cycle**

There has been a significant increase in the percentage of adults reporting that they walked as a means of transport, with a rise from 57% in the base year to 75%. This is also an increase (5%) compared to Year 6. New figures for cycling are unavailable within this SHS release.

The full monitoring report is available on our [website](#).



## Projects Report

### **1. 2016/17 EXPENDITURE**

- 1.1 **Appendix 1** to this report details the current year's Projects Budget which shows expenditure, to 8 August 2016, of £203,033.35.

### **2. RTPI**

#### **2.1 Real Time Passenger Information**

- 2.1.1 BustrackerSEStran now provides live bus times for all of the services operated by both First Scotland East and Stagecoach Fife, within the SEStran region. This has improved the reliability of the bustracker website and mobile app for the general public, and is anticipated to increase patronage of bus services as a result.
- 2.1.2 A substantial number of public premises throughout the region are displaying, or have committed to displaying live bus times on digital screens alongside public information and news bulletins. To date, SEStran has committed to approximately 155 digital screen installations in a variety of public buildings within the SEStran area.
- 2.1.3 In July 2016, Transport Scotland confirmed that SEStran's remaining digital signage equipment can be distributed in both public and commercial buildings. It is hoped that this will encourage a greater uptake of the RTPI system in commercial premises, through offering the equipment free of charge.
- 2.1.4 Following the success of the screens in Waverley Mall food court, The Gyle Shopping Centre, Livingston Designer Outlet and The Centre have all agreed to trial screens. SEStran will continue to actively pursue other businesses in order to generate further income to help support the RTPI scheme in the long term. The table below shows current and agreed installations in commercial premises.

2.1.5

Locations	Area	Screens	Installed?
<b>Gyle Shopping Centre</b>	Edinburgh	14	N
<b>Livingston Designer Outlet and The Centre</b>	West Lothian	Trial of 2 screens	N
<b>Princes Mall</b>	Edinburgh	5	Y
<b>RBS (Gogarburn)</b>	Edinburgh	1	Y
<b>RBS (Gyle)</b>	Edinburgh	1	Y
<b>Wheelhouse Cafe</b>	Midlothian	1	Y
<b>Tune Hotel</b>	Edinburgh	1	Y
<b>Aegon</b>	Edinburgh	To be agreed	N

<b>Kaimes Capital</b>	Edinburgh	To be agreed	N
<b>Sainsburys Bank</b>	Edinburgh	To be agreed	N

- 2.1.6 In July 2016, SEStran held an information session with smaller operators in the region. This included presentations from SEStran and commercial ticket machine providers (VIX and Ticketer) and offered information to encourage smaller operators to upgrade their fleet to GPS-enabled machines. The session was well attended and SEStran are currently in discussions with three bus operators offering support and considering financial assistance towards the cost of equipment. Peter Hogg of Jedburgh have received a costing from Ticketer and in respect of which have asked for a contribution.

### **3. SESTRAN THISTLE CARD – APP DEVELOPMENT UPDATE**

- 3.1 The Thistle Card App is designed to replicate the original SEStran Thistle card with an initial page for the customer to input their disability using the same previously agreed symbols. The second page displays the information to be shown to the bus driver.
- 3.2 The prototype app has been circulated to our SEStran Equalities Forum and Board Members for comment before launching it onto the market. Following this a publicity campaign will be instigated to tie in with its launch.
- 3.3 SEStran are now in discussions with developers to identify potential to include usage statistics and where the app is being used. These additions can be added as feedback incrementally as use of the initial app increases.

### **4. SUSTAINABLE TRAVEL AWARENESS**

- 4.1 **Sustainable and Active Travel Grant Scheme (SATGS)**
- 4.1.1 The SEStran Sustainable and Active Travel Grant Scheme has been launched for 2016/17. The scheme aims to support and encourage Travel Planning and Active Travel measures. SATGS can be used to support physical measures implemented as part of a Travel Plan and provide support for organisations actively developing a Travel Plan.
- 4.1.2 Grants may range from £500 to £25,000 and will normally be up to a maximum of 50% of any proposal, although in exceptional circumstances higher awards may be made. The applicant will be responsible for securing the remaining 50% matching funding which should include a contribution directly from the applicant and may not come wholly from another grant scheme.

The Grant Scheme is now closed for 2016/17, and the following projects have been assessed and agreed by SEStran Officers:

Midlothian Council Smarter Choices Smarter Places	25,000
Forth Valley College Tripshare Scheme, in partnership with Tactran	4,637
Queen Margaret University Travel Plan	9,290
Scottish Enterprise in partnership with Edinburgh Bio Quarter and Edinburgh University, Creation of a Travel Plan and Travel Plan Survey work	25,000

#### 4.2 **Regional Cycle Network Grant Scheme (RCNGS)**

4.2.1 SEStran operated the Sustrans funded Regional Cycle Network Grant Scheme throughout financial year 2015/16. Due to a further commitment from Sustrans, the scheme will be made available for 2016/17 and aims to encourage the development of the Cycle Network throughout the Region.

4.2.2 The RCNGS can be used to support feasibility studies, design work, the development of infrastructure and monitoring, as well as supporting innovation and public engagement. Grants may range from £500 to £25,000 and will normally be up to a maximum of 50% of any proposal, although in exceptional circumstances higher awards may be made.

### 5. **EUROPEAN PROJECTS UPDATE**

5.1 **CHUMS** is a project under the umbrella of Intelligent Energy Europe (IEE) and seeks to address the energy challenge of low car occupancy.

5.1.1 The CHUMS Final Conference was held on the 5<sup>th</sup> and 6<sup>th</sup> of July in Leuven. The final content from the project is to be published on the CHUMS website.

5.2 **‘SocialCar’** aims to integrate public transport information, car-pooling and crowd sourced data in order to provide a single source of information for the traveller to compare multiple options/services.

5.2.1 A stakeholder meeting will be held in Edinburgh on the 16<sup>th</sup> of September. Organisations such as Liftshare, Enterprise Car Club and Traveline Scotland have been invited to discuss how the app will be tested.

5.3 **‘SHARE-North’** addresses the concept of ‘Shared Mobility’ and looks at the development, implementation and promotion of Car Clubs, Bike Sharing and Car Sharing. The planned living labs will integrate modern technology with activities to support changes in mobility behaviour. The objectives are: resource efficiency, improving accessibility (incl. non-traditional target groups), increased efficiency

in the use of transport infrastructure, reduction of space consumption for transport, improving quality of life and low carbon transport.

- 5.3.1 The next SHARE-North partner meeting will be held in Kortijk and Ghent in Belgium on the 6<sup>th</sup> to 11<sup>th</sup> of November.
- 5.4 **‘REGIO-MOB’** aims to promote “learning, sharing of knowledge and transferring best practices between the participating regional and local authorities to design and implement regional mobility plans (or Regional Transport Strategies) bearing in mind the stakeholders with regional relevance and contributing to the sustainable growth of Europe.” Accordingly this project provides an opportunity for SEStran to attract European funding towards the necessary development of the RTS and to learn and share knowledge with other cities throughout Europe. The project will attract 85% funding from Europe.
  - 5.4.1 SEStran held two stakeholder meetings during June and July 2016 which conducted a SWOT analysis of the Regional Transport Strategy and held a discussion around Main Issues and best practice examples. The next stakeholder meeting will be held on Wednesday 14<sup>th</sup> September 2016, which will focus on choosing five final best practices.
  - 5.4.2 The next REGIO-MOB partner meeting will be held in Romania on the 4<sup>th</sup> to 6<sup>th</sup> of October. At this meeting, SEStran will present their five chosen best practice examples to share with the project partners.

## **6. OPPORTUNITIES FOR NEW EUROPEAN PROJECTS**

### **6.1 Interreg, North West Europe**

- 6.1.1 **SCRIPT** (Sustainable Carbon Reduction in Port Transport)  
It is well understood that transport, in general, is a major contributor to carbon emissions totals and freight transport’s contribution is significant; with a particular concentration around ports and their hinterland as a result of the necessary traffic required to transfer goods to and from the ports.
- 6.1.2 SEStran and partners’ objective is to engage with ports and freight transport operators and their supply chains in selected estuarine and inland waterway locations within the NWE area to effect large-scale behavioural change with respect to the use of low carbon logistics and transportation and the implementation of different low carbon solutions. Work continues towards a submission in November this year.

### **6.2 Interreg, North Sea Region**

- 6.2.1 **Surflogh**  
As reported in December 2015 to the Partnership Board, this proposal is aiming at improving the role of logistic hubs in the network of urban logistics in the North Sea Region. Many urban regions in Europe face

huge challenges regarding the optimisation of urban freight distribution, both in terms of efficiency and sustainability. Connecting long-distance freight transport and last-mile distribution in strategically located urban freight centres is perceived as one of the possible solutions brought forward by scholars and experts in the field, as they contribute to reducing individual transport movements in urban areas by creating opportunities for bundling of goods flows. In addition, these logistics consolidation centres might also be stepping stone for creating new value-adding services in the region fostering regional economic growth.

- 6.2.2 SEStran is a partner, along with Napier TRI, for Surflogh, which is being led by the Dutch province of Drenthe. The stage 2 bid was submitted on March 7<sup>th</sup> 2016. The lead partner has advised that the programme Steering Committee will meet on 27<sup>th</sup> & 28<sup>th</sup> September and we should receive a decision on the project soon after that.

### 6.3 **Horizon 2020**

- 6.3.1 SEStran is currently in discussion with Napier University's Transport Research Institute (TRI) regarding future bids under the headings of "...innovative solutions to achieve sustainability..." and "improving, acceptability, inclusive mobility and equity...", to be considered later this financial year. Discussion is on-going.

## 7. **RECOMMENDATIONS**

- 7.1 That the Committee notes the contents of this report.
- 7.2 That, with reference to paragraph 2.1.6 above, the Committee approves a grant of £15,510 to Peter Hogg of Jedburgh as a contribution towards the cost of installing new equipment on 12 of their vehicles, so that they can be included in Bustracker SEStran.
- 7.3 That the Committee approves the Grant Offers under SATGS, referred to in section 4.1.2 of the report.

**Catriona Macdonald**

Project Officer

**August 2016**

Policy Implications	No significant implications.
Financial Implications	As detailed in this report, particularly the sections highlighted in the 'Recommendations'.
Race Equalities Implications	No significant implications.
Gender Equalities Implications	No significant implications.

Disability Equalities Implications	No significant implications.
Climate Change Implications	Air travel will be required for the European project meetings detailed in the report. This will be reported within the carbon emissions reporting 2016/2017.

**EXPENDITURE**

<b>Centre Description</b>	<b>Current Year Budget</b>	<b>Actuals @ 8/8/16</b>
ONE TICKET	0	£19,834.19
R15 PARK & CHOOSE STH TAY BRIDGE	20,000	£620.19
R17 SUSTAINABLE TRAVEL AWARENESS	130,000	-£4,890.00
URBAN CYCLE NETWORKS	120,000	£3,437.95
RTPI - REVENUE CONTRIBUTION	344,000	£125,101.00
R34 PROJECT MANAGEMENT COSTS	0	£3,990.75
R37 RTS MONITORING	5,000	£0.00
R41 SPECIALIST RAIL BUS ADVICE	15,000	£20,789.13
R42 REGIONAL DEV PLAN INPUT	20,000	£0.00
EU SOCIAL CAR	47,000	£6,531.78
EQUALITIES FORUM ACTIONS	10,000	£4,800.00
EU CHUMS	23,000	£7,776.51
BIF 2	0	£12.00
BIF 3	0	£68.24
RAIL STATIONS DEVELOPMENT	215,000	£1,187.58
SHARE - NORTH	40,000	£5,593.02
REGIO - MOB	80,000	£8,181.01
<b>TOTAL</b>	<b>1,069,000</b>	<b>£203,033.35</b>

**INCOME**

<b>Centre Description</b>	<b>Current Year Budget</b>	<b>Actuals @ 8/8/16</b>
ONE TICKET	-13,000	-£19,809.25
R15 PARK & CHOOSE STH TAY BRIDGE	0	-£10,000.00
URBAN CYCLE NETWORKS	-100,000	-£1,780.20
RTPI - BUS OPERATORS	-173,000	-£46,971.73
RTPI - 15/16 BUDGET UNDERSPEND	0	-£87,098.50
REVENUE PROJECTS GRANT	-431,000	-£197,713.26
R41 SPECIALIST RAIL BUS ADVICE	0	-£8,270.00
EU SOCIAL CAR	-47,000	-£47,860.30
EU CHUMS	-17,000	£0.00
BIF 3	0	-£0.98
RAIL STATIONS DEVELOPMENT	-200,000	£0.00
SHARE - NORTH	-20,000	£0.00
REGIO - MOB	-68,000	£0.00
<b>TOTAL</b>	<b>-1,069,000</b>	<b>-£419,504.22</b>

<b>NET EXPENDITURE (INCOME)</b>	<b>0</b>	<b>-£89,056.00</b>
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## **Records & IT Management**

### **1. INTRODUCTION**

- 1.1** The purpose of this report is to provide the Performance & Audit Committee with an outline summary of the work being undertaken by SEStran to comply with its duties in terms of records management compliance.
- 1.2** Part of this exercise incorporates a review of the IT provision within the organisation and includes electronic data/paper records, IT hardware and software applications.

### **2. BACKGROUND**

- 2.1** SEStran has an obligation under the Public Records (Scotland) Act 2011 to prepare and implement a Records Management Plan (RMP) which sets out proper arrangements for the management of its records.
- 2.2** RMPs require approval from the Keeper of the Records of Scotland and where bodies fail to meet their obligations under the Act, the Keeper has powers to undertake records management reviews and issue action notices for improvement.
- 2.3** The National Records of Scotland team developed a timetable to fit in all 250+ public authorities into a 5 year programme and SEStran were contacted in December 2015 for agreement to appear in the published timetable in July 2016. Subsequently, a letter from the Keeper of the Records was issued to the Partnership Director on 28<sup>th</sup> July 2016 formally inviting SEStran to submit its RMP no later than 31<sup>st</sup> January 2017.

### **3. RECORDS MANAGEMENT PLAN (RMP)**

- 3.1** National Records of Scotland have issued a guidance document designed to assist public authorities to create a RMP that is robust enough to receive the agreement of the Keeper of the Records. Within the guidance, there is a Model Plan which is to be used as a template by authorities in formulating their own RMP.
- 3.2** The Model Plan consists of 14 elements, which are outlined below:
1. Senior Management Responsibility
  2. Records Management Responsibility
  3. Records Management Policy Statement
  4. Business Classification
  5. Retention Schedule
  6. Destruction Arrangement
  7. Archiving and Transfer Arrangements
  8. Information Security
  9. Data Protection



- 10. Business Continuity and Vital Records
- 11. Audit Trail
- 12. Competency Framework for Records Management Staff
- 13. Review and Assessment
- 14. Shared Information

- 3.3** Not all of the listed elements are compulsory, however, it would be unlikely that the Keeper would agree a RMP that does not include elements 1, 2, 3, 6, 7 and 8. In any case, the exclusion of any non-compulsory items would require justification and if that cannot be provided, an action plan detailing a timescale for implementation is required.

#### **4. PROGRESS TO DATE**

- 4.1** Staff have already begun a series of housekeeping exercises, which have been undertaken in line with current Audit/EU Audit guidelines, to rationalise the existing paper records and filing. One outcome will result in the termination of the contract for the provision of off-site storage and will deliver a cost saving benefit to SEStran. Work is almost complete and the filing system will benefit from operating in a more efficient and streamlined manner.
- 4.2** Having reviewed the current complement of SEStran policies and procedures, the majority of the elements already exist separately within the organisation, including Freedom of Information, Data Protection and Business Continuity procedures and can easily be incorporated into SEStran's RMP.
- 4.3** However, it has been identified that Information Security procedures need to be formalised and as the current IT hardware has now reached the end of its useful life cycle, a refresh is now critical in enabling SEStran to operate and deliver its current duties and functions. The timing of this refresh has allowed for the element covering information security to be incorporated into a wider review of the IT arrangements within the organisation.

#### **5. IT REVIEW**

- 5.1** IT is at the core of business operations and the current hardware/software has reached, if not gone beyond, the end of its current lifecycle. The last refresh was carried out in 2012 and current industry standards recommend kit should be replaced every 3 years.
- 5.2** Strategy planning meetings have taken place with key staff within SEStran and Onestop IT, the current IT contractor.
- 5.3** Options for the refresh are being scoped to support the flexible working policies and potential integration opportunities that are currently being considered and Members should be reassured that the refresh will be contained within the planned budgetary forecasts.
- 5.4** The timescale for the upgrade is approximately 7 months.

#### **6. INFORMATION SECURITY**

**6.1** Information security can be defined as the preservation of the following characteristics:

Availability:

Ensuring that quality information is available when needed.

Confidentiality: Protecting business information from unauthorised disclosure.

Integrity:

Ensuring that business information can be relied upon by being protected from unauthorised alteration, faulty processing, destruction or loss.

**6.2** In order to meet these requirements and protect SEStran's assets against any potential threats, a formal Information Security Policy is required. This will serve as a pillar and guideline for the development of associated security policies, procedures and standards.

**6.3** An over-arching draft policy is being developed and will include, as a minimum, the following topic areas:

- Staff/Managerial Responsibilities
- Acceptable Use Policy
- Inventory and Ownership
- Software/Hardware Usage
- Telephony/E-mail Usage
- Privacy
- Sensitive Information
- Personal Use
- Misuse
- Wi-fi Access
- Public Information

**6.4** It is anticipated that a number of these policies/procedures, along with the existing SEStran policies, will form part of the standard Employee Conditions of Contract and as such will be presented to a future Performance and Audit Committee for approval.

## **7. CONCLUSION**

**7.1** In order to comply with the remit of the Public Records (Scotland) Act 2011 and set an example of good practice, SEStran needs to formalise its procedures and policies to create and implement an Information Security Policy.

## **8. RECOMMENDATION**

**8.1** The Performance and Audit Committee are asked to note the contents of the report and;

**8.2** Note that an Information Security Policy and RMP will be presented to a future Committee and Partnership Board for approval.

**Office Manager**  
September 2016

Policy Implications	Need for new policy.
Financial Implications	As detailed in the report.
Race Equalities Implications	None
Gender Equalities Implications	None
Disability Equalities Implications	None
Climate Change Implications	None

## A15. Audit Scotland – Maintaining Scotland's Roads report

### Maintaining Scotland's roads report

#### 1. PURPOSE

- 1.1 The paper seeks to provide a summary of the follow-up report prepared and published by Audit Scotland in early August 2016. Enclosed is a brief summary of the Audit Scotland report and an outline of SEStran constituent council Chief Officers views that there may be merit in SEStran considering further opportunities for joint projects in areas of transportation out-with the context of roads asset management.

#### 2. SUMMARY

- 2.1 The report highlights that the proper maintenance of Scotland's road network is vital to economic prosperity, social cohesion and safety for all road users. The report, whilst recognising the context of public spending pressures, does outline in its view an urgent need for a new commitment to innovation in delivering efficiency and visible impact on road condition.

- 2.2 Independent survey results indicate the overall condition of council maintained roads has remained stable at around 63% in acceptable condition over the period of 2011/12 to 2014/15. Overall spending in that time decreased from £302 million to £259 million, a 14% reduction. The condition of trunk roads declined from 90% to 87% in 2014/15, mostly associated with the conditions of motorways. Trunk road maintenance spending fell from £168 million to £162 million over the same period.

- 2.3 In light of these headline findings and other issues, the report recommended;
- The development of regional arrangements for roads services to secure efficiency benefits whilst preserving local accountability; and
  - Delegated decisions on the extent of shared services to operational level

The report states an expectation of a public report on the implementation of all the recommendations by December 2017.

- 2.4 The report concludes by advising that a longer-term view of asset management is required, taking account of both the need for new roads and the maintenance of the existing road network. In this regard, given the fundamental underpinning the road network in the SEStran area provides for the objectives of the Regional Transport Strategy, there is clear strategic relevance and interest in the delivery of long-term, whole-life costed investment plans for the regional network. Albeit there is a recognition from the Partnership Director of the clear strategic decision made previously to not utilise SEStran as a mechanism for delivery of roads asset management regional collaboration or governance. This has previously been subject of

correspondence and discussion with the Roads Collaboration Programme legal advisers at the Improvement Service and reports to the Board.

- 2.5 Therefore, whilst a key message of the report is that roads authorities need to demonstrate greater commitment to improving road condition, it is recognised that these issues are being addressed with the SEStran area by regional forums such as Edinburgh, Lothians, Borders and Fife (ELBF) Forum and Tayforth Roads Collaboration Forum including Falkirk and Clackmannanshire.

### **3. REGIONAL BODIES**

- 3.1 SEStran are aware that constituent councils have previously been clear that the regional governance of roads maintenance is not an area of interest to them. The Audit Scotland report outlines a number of examples of collaboration all out-with the “asset management” term of sharing. SEStran Chief Officers wondered whether in this broader transportation management context rather than focussed road asset management context, there were opportunities presented by the findings of the report which might point to greater joint project or programme opportunities for SEStran constituent councils.
- 3.2 The report outlines potential benefits from collaboration as being economies of scale enabling the delivery of a wide range of services at competitive rates, a focus on front-line delivery and flexibility to move resources across council areas. Alongside joint procedural, procurement and personnel benefits from collaboration between councils and in some instances wider industry.
- 3.3 The Report highlights within the SEStran area the creation of the ELBF and Tayforth forums to enable implementation of regional road maintenance models. Also, Audit Scotland highlight that for this and potential other forms of “sharing or joint working” Regional Transport Partnerships as the statutory bodies responsible for transport planning at a regional level, present another option. The report highlights that whilst roads authorities need to determine the governance arrangements that best suit their needs, it is important in the view of Audit Scotland to avoid duplication.

### **4. JOINT APPROACHES**

- 4.1 Discussion at the recent Chief Officers forum highlighted a willingness amongst officials to consider where interest or opportunities may exist outside road asset management for SEStran authorities to collaborate on wider transportation service delivery of specialist services. This would be building upon the joint delivery or procurement of TripShare or mapping software undertaken at present by SEStran for partner authorities or employ for the wider benefit of councils certain specialist staff resources e.g. Sustrans or Cycling Scotland funded posts.
- 4.2 It is recommended to the members that if they are minded for Chief Officers to discuss in greater detail potential joint project/working opportunities in light

of the collaboration agenda outlined in the Audit Scotland report, that a further more detailed report is tabled to the December board meeting on specific specialist matters. Recognising that there will be a substantive report on the potential for formal collaboration of transport services as part of a Model 3 Regional Transport Authority through the City Deal.

## **5. RECOMMENDATION**

- 5.1 Members are requested to note the publication of the Audit Scotland report and agree that a further paper on the potential opportunities for joint project work or further collaboration around other aspects of transportation delivery is brought to the December Board meeting.

George Eckton

**Partnership Director**

September 2016

Policy Implications	None
Financial Implications	None
Race Equalities Implications	None
Gender Equalities Implications	None
Disability Equalities Implications	None
Climate Change Implications	None