



SESTRAN PARTNERSHIP BOARD MEETING

Conference Room 1, Victoria Quay, Edinburgh, EH6 6QQ
Friday 22nd September 2017

AGENDA

- 1000 – 1100 MEMBERS INDUCTION (VOLUNTARY)**
- 1115 – 1230 BRAND WORKSHOP (OFFICERS AND MEMBERS)**
- 1230 – 1300 LUNCH**
- 1300 - 1500 PARTNERSHIP BOARD MEETING**

	<u>PARTNERSHIP BOARD MEETING</u>	Page Nos.
1. ORDER OF BUSINESS		
2. APOLOGIES		
3. DECLARATIONS OF INTEREST		
4. MINUTES		
(a) Partnership Board – 11 th August 2017		3
(b) P&A Committee – Friday 8 th September 2017		12
(c) Chief Officers' Liaison Group – 24 th August 2017		17
(d) RTP Chairs – 23 rd August 2017		21
5. CITY DEAL – Presentation by Paul Lawrence, Executive Director of Place, City of Edinburgh Council		
6. REVIEW OF FORUMS – Report by George Eckton on behalf of the Chair and Vice-Chairs		25
7. BOARD MEMBERS: APPOINTMENT PANEL, SKILLS AUDIT, TRAINING – Report by George Eckton and Andrew Ferguson		29
8. AUDITED FINANCIAL STATEMENT OF ACCOUNTS 2016-17 – Reports by Iain Shaw and Hugh Thomson		
(a) Audited Financial Statement of Accounts 2016-17		32
(b) Finance Officer's Report		81
(c) External Audit Annual Report 2016-17		85
(d) Public Services Reform Act 2017 Statements – Report by Angela Chambers		108

9. SESTRAN BRAND – Report by Keith Fiskien	116
10. POLICY AND PROJECT REPORT – Report by Jim Grieve	118
11. SERVICE LEVEL AGREEMENTS – Report by George Eckton	129
12. CONSULTATION RESPONSES	
(a) Climate Change Bill – by Catriona Macdonald	130
(b) Aviation Strategy Call for Evidence – by Lisa Freeman	135
(c) Low Emission Zones – by Lisa Freeman	143
(d) Concessionary Travel – by Lisa Freeman	145
(e) Local Bus Services & Smart Ticketing – by Catriona Macdonald	160
13. PROGRAMME FOR GOVERNMENT 2017-18 – Report by George Eckton	168
14. AOCB	
15. DATE OF NEXT MEETING – 10am on Friday 8th December 2017 in Conference Room 1, Victoria Quay, Edinburgh, EH6 6QQ	

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15th September 2017.

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PARTNERSHIP BOARD MEETING

**HELD IN CONFERENCE ROOMS 4 & 5, VICTORIA QUAY, EDINBURGH EH6 6QQ
ON FRIDAY 11TH AUGUST, 2017
10.00 A.M. – 12.45 P.M.**

PRESENT:	<u>Name</u>	<u>Organisational Title</u>
	Cllr Gordon Edgar (Chair)	Scottish Borders Council
	Charles Anderson	Non Councillor Member
	Cllr Fiona Collie	Falkirk Council
	Cllr Colin Davidson (Deputy Chair)	Fife Council
	Cllr Dave Dempsey	Fife Council
	Cllr Ian Ferguson	Fife Council
	Phil Flanders	Non Councillor Member
	Cllr Jim Fullarton	Scottish Borders Council
	Cllr Neil Gardiner	City of Edinburgh Council
	Cllr Russell Imrie	Midlothian Council
	Cllr Darren Lee	Clackmannanshire Council
	Cllr Lesley Macinnes (Deputy Chair)	City of Edinburgh Council
	John Martin	Non Councillor Member
	Cllr Laura Murtagh	Falkirk Council
	Neil Renilson	Non Councillor Member
	Sandy Scotland	Non Councillor Member
	Doreen Steele	Non Councillor Member
	Barry Turner	Non Councillor Member

IN ATTENDANCE:	<u>Name</u>	<u>Organisation Title</u>
	Cllr Jim Goodfellow	East Lothian Council
	Nikki Boath	SEStran
	Angela Chambers	SEStran
	Kevin Collins	Falkirk Council
	Andrew Easson	City of Edinburgh Council
	George Eckton	Partnership Director SEStran
	Andrew Ferguson	Fife Council (Legal)
	Keith Fiskien	SEStran
	Lisa Freeman	SEStran
	Ken Gourlay	Fife Council
	Peter Jackson	SEStran
	Graeme Johnstone	Scottish Borders Council
	Karen Jones	Scott Moncrieff
	Catriona Macdonald	SEStran
	Graeme Malcolm	West Lothian Council
	Kerra McKinnie	Board Observer
	Gordon Mungall	Board Observer
	Moiria Nelson	SEStran
	Lesley Newdall	City of Edinburgh Council (Internal Audit)
	Sophie Pugh	SEStran
	Iain Shaw	City of Edinburgh Council (Treasury)

APOLOGIES FOR ABSENCE:	<u>Name</u>	<u>Organisational Title</u>
	Cllr Chas Booth	City of Edinburgh Council
	Cllr Nick Cook	City of Edinburgh Council
	Cllr Karen Doran	City of Edinburgh Council

Cllr Phil Fairlie
Cllr Norman Hampshire
Cllr Chris Horne
Cllr Cathy Muldoon
Cllr Brian Small
Cllr Peter Smaill
Brian Sharkie
Neil Dougal
Peter Forsyth

Clackmannanshire Council
East Lothian Council
West Lothian Council
West Lothian Council
East Lothian Council
Midlothian Council
Non Councillor Member
Midlothian Council
East Lothian Council

ORDER OF BUSINESS

Prior to election of a Chair, the Secretary took the chair, and confirmed that the Order of Business was intended to be as per the agenda. The Board agreed to adopt the Standing Orders as amended at the 2nd March Board meeting.

APOLOGIES

Apologies were received as above.

A4 APPOINTMENTS

The Board considered a report by the Partnership Director, Secretary and Legal Adviser as regards the following appointments of Members:

- (a) Chairperson
- (b) Deputy Chairperson
- (c) Members of the Performance and Audit Committee
- (d) Members of the Succession Planning Committee

Councillor Fullarton, seconded by Councillor Edgar, proposed Councillor Edgar as Chairperson of the Partnership.

Councillor Dempsey, seconded by Councillor Ferguson, proposed Councillor Davidson as Chairperson.

There followed a vote, which, after application of weighting, gave Councillor Edgar 20 votes and Councillor Davidson 5 votes.

Decision

The Board appointed Councillor Edgar as Chairperson of the Partnership, following which, Councillor Edgar took the Chair.

After discussion the Board agreed to appoint two Deputy Chairpersons for the time being.

The/

The Board appointed the following Deputy Chairpersons:

Councillor Davidson (proposed Councillor Ferguson, seconded Councillor Dempsey)

Councillor Macinnes (proposed Councillor Gardner, seconded Councillor Macinnes).

The following members of the Performance and Audit Committee were appointed, with the Secretary delegated to write to East and West Lothian Councils for their nominee:

Sandy Scotland, Councillor Gardner, Councillor Murtagh, Councillor Dempsey, Councillor Imrie, Councillor Fullarton, Councillor Lee, Doreen Steele, John Martin, and Barry Turner.

Councillors Ferguson and Doran were appointed to the Succession Planning Committee to serve along with Councillor Edgar as Chair.

A5 MINUTES

(a) Partnership Board – 2nd March, 2017

Decision

The Board approved the minute. Arising under the minute, Charles Anderson raised the issue of the Forum meetings, and the Chair confirmed that this would be the subject of a report to the next meeting, subject to there being certainty on NTS2 and the Planning Bill.

(b) Succession Planning Committee – 29th March, 2017

Decision

The Board approved the minute.

(c) RTP Chairs – 9th March, 2017

Decision

The Board approved the minute.

(d) Chief Officers' Liaison Group – 25th May, 2017

Decision

The Board approved the minute.

A6. LEGAL OFFICER'S REPORT – REVIEW OF GOVERNANCE DOCUMENTS.

The Secretary and Legal Adviser spoke to the report, which provided an update on the review of the governance documents of the Partnership and proposed a new Governance Scheme for SEStran.

Decision

The Board agreed:-

- (i) the proposed amendment of standing orders outlined at Appendix 2 to be tabled for adoption at the September Meeting; and
- (ii) the proposed Governance Scheme for SEStran consisting of standing orders, list of committee powers, list of officer powers, financial rules, contract standing orders, and corporate procurement policy, as set out in the report and its appendices.

A7. BOARD APPOINTMENTS

The Board considered a report by George Eckton, Partnership Director and Andrew Ferguson, Secretary, providing an update on progress with the appointment to the current Non-Councillor Members vacancies on SEStran's Board.

Decision

The Board:-

- (i) appointed Kerra McKinnie and Gordon Mungall as formal Board Observers;
- (ii) noted the update on the advertisement of Board vacancies; and
- (iii) noted the inclusion of SEStran and other Regional Transport Partnerships in the draft Gender Representation of Public Boards (Scotland) Bill and the legal duties of SEStran that will follow Royal Assent in 2018.

A8. UNAUDITED FINANCIAL STATEMENT OF ACCOUNTS 2016/17

(a) Unaudited Financial Statement of Accounts 2016/17

The Board considered a report by Iain Shaw and Hugh Thomson presenting the unaudited Annual Accounts for the year ended 31st March, 2017.

Decision/

Decision

The Board noted:

- (i) the unaudited Annual Accounts for 2016/17 were submitted to the Partnership's external auditors by the required date of 30th June, 2017; and
- (ii) that the Annual Accounts, incorporating the Auditor's report, would be presented to the Performance and Audit Committee and Partnership Board in September, 2017.

(b) Treasury Management Annual Report 2016/17

The Board considered a report by Hugh Dunn, Treasurer providing an Annual Treasury Report for the financial year 2016/17.

Decision

The Partnership noted the Annual Report for 2016/17.

(c) Internal Audit Annual Report 2016/17

The Board considered a report by Hugh Dunn, Treasurer highlighting the work carried out by Internal Audit for the Financial Year 2016/17.

Decision

The Partnership noted:-

- (i) the contents of the report; and
- (ii) the Draft Annual Governance Statement contained in Appendix 2.

A9. SESTRAN BRAND

The Board considered a report by Keith Fiskien, Business Partner noting a name change and rebranding of the partnership.

Decision

After a discussion, the Board agreed that there was support for the need to change and the need for a strong brand, but that it wanted the opportunity to discuss matters further. Accordingly, the issue would be discussed again at the Members' induction meeting, and thereafter at a subsequent meeting of the Board. In the meantime, no further spend should be undertaken on the proposed brand identities.

A10./

A10 NEW MEMBER INDUCTION

The Board considered a report by Angela Chambers, Business Support Manager and Andrew Ferguson, Secretary informing Members of the proposals for induction and training to be offered to all members of the Partnership.

Decision

Following earlier discussion, the Board agreed that an induction session take place on the morning of the next Board meeting on 22nd September, with the Board taking place after the session. It was agreed that the session should focus on key concepts of SEStran's aims and objectives, and should include a discussion on brand identity, as discussed at the previous item.

A11. DRAFT ANNUAL REPORT 16/17

The Board considered a report by Sophie Pugh, Undergraduate Technical Officer providing a draft copy of the text proposed to provide the basis of SEStran's Annual Report 2016/17.

Decision

The Board approved the Annual Report 16/17 for publication, and congratulated Sophie Pugh on its readability.

A12. REGIONAL TRANSPORT STRATEGY UPDATE

The Board considered a report by George Eckton, Partnership Director, Jim Grieve, Head of Programmes and Angela Chambers, Business Manager providing an update on the Regional Transport Strategy.

Decision

The Board noted the report, and agreed to a further mid-point review report being undertaken in December 2017.

A13 PROJECTS REPORT

The Board considered a report by Jim Grieve, Head of Programmes and Catriona MacDonald, Project Officer providing an update on key aspects of projects and initiatives progressed in the last quarter.

Decision

The Board:-

- (i) noted the contents of the report; and

(ii)/

- (ii) agreed the authorisation of the Partnership Director to award grant to fund successful sustainable and active travel projects, as outlined in the report.

A14 SERVICE LEVEL AGREEMENTS

The Board considered a report by George Eckton, Partnership Director relating to SEStran's current agreements (SLAs) with constituent councils for services.

Decision

The Board:-

- (i) noted the forthcoming change of SLA provider to SEStran for clerking and legal services provided by Fife Council; and
- (ii) agreed that a further paper will be tabled to the September, 2017 meeting outlining options for decision, delegating to the Partnership Director in consultation with the Secretary to take all necessary action to ensure continuity of service.

A15. CLIMATE CHANGE BILL

(a) Climate Change Bill

The Board considered a report by Catriona Macdonald, Projects Officer outlining the proposals for a new Climate Change Bill, which will amend only those parts of the 2009 Climate Change (Scotland) Act that relate to emission reduction targets and associated reporting duties.

Decision

The Board noted the terms of the current Climate Change Bill, and that comments should be fed back to the Projects Officer in advance of the September Board meeting.

(b) Socio-Economic Duty

The Board considered a report by George Eckton, Partnership Director introducing the Socio-Economic Duty in Scotland.

Decision

The Board:-

- (i) noted the report; and

(ii)/

- (ii) agreed to delegate to the Partnership Director, in consultation with the Chair, to respond to the consultation by 12th September, following the opportunity for further discussion with the RTP Chairs on 22/23 August.

(c) Places, People and Planning Position Statement

The Board considered a report by George Eckton, Partnership Director considering the Position Statement in subject to consultation.

Decision

The Board:-

- (i) noted the current Planning People and Places Position Statement consultation;
- (ii) noted the update provided on the Enterprise and Skills Review Model, 3, City Deal; and
- (iii) noted the submission under delegated powers of a response to the NTS2 Research and Evidence Working Group Call for Evidence.

(d) Improving Parking in Scotland

The Board considered a report by Sophie Pugh, Undergraduate Technical Officer regarding the review of parking in Scotland.

Decision

The Board noted the current Parking consultation, and provided comments for inclusion in the response.

A16. AOCB

Charles Anderson raised the issue of attendance at the Confederation of Passenger Transport Conference, which he had attended as Chair of the Bus Forum in 2014 and 2015. The Conference was due to take place on 1st and 2nd November. Delegate cost was £450.

The Partnership Director indicated that, to ensure best value was achieved for the total training budget of £3000, he had already distributed a skills audit questionnaire to non-councillor members, and would now do so to elected members.

Decision/

Decision

The Board agreed that a report on the matter should be submitted to the September meeting.

A17. DATES OF FORTHCOMING MEETINGS

The Board noted the dates of the forthcoming meetings, as per the agenda.

PERFORMANCE & AUDIT COMMITTEE MEETING

HELD IN SESTRAN OFFICES, MEETING ROOM 3E-95, VICTORIA QUAY,
EDINBURGH, EH6 6QQ
ON FRIDAY, 8TH SEPTEMBER, 2017
10.00 A.M. – 12.30 P.M.

PRESENT:	<u>Name</u>	<u>Organisation Title</u>
	Doreen Steele	Non-Councillor Member, SEStran
	Sandy Scotland	Non-Councillor Member, SEStran
	Cllr Chris Horne	West Lothian Council
	Cllr Dave Dempsey	Fife Council
	Barry Turner	Non-Councillor Member, SEStran
	Cllr Laura Murtagh	Falkirk Council

IN ATTENDANCE:	<u>Name</u>	<u>Organisation Title</u>
	George Eckton	SEStran
	Gavin King	City of Edinburgh Council
	Andrew Ferguson	Fife Council
	Iain Shaw	City of Edinburgh Council
	Karen Jones	Scott-Moncrieff
	Rosie Docherty	Independent Consultant (for item 13)
	Chloe Collins	St. Andrews University

In the absence of a Chair, the Secretary took the chair for the first three items.

Action by

A1.. ORDER OF BUSINESS

The Chair confirmed that the Order of Business was as per the agenda, subject to item 7(a) being taken before item 6, External Audit report.

A2. APOLOGIES

Apologies were received from John Martin, Non-Councillor Member, SEStran, Cllr Neil Gardiner, CEC, Cllr Russell Imrie, Midlothian Council, Cllr Jim Fullarton, SBC, Cllr Darren Lee and Cllr Phil Fairlie, Clackmannanshire Council and Cllr Brian Small, East Lothian Council.

A3. DECLARATIONS OF INTERESTS

None.

A4. APPOINTMENT OF CHAIR

It was agreed to appoint Sandy Scotland as Chair.

A5 MINUTES

The minutes of the Performance & Audit meeting of Friday 17th February, 2017 were noted and approved as a correct record.

A6. EXTERNAL AUDIT REPORT - Report by Scott Moncrieff

Karen Jones confirmed that work was ongoing but that it was hoped that a satisfactory conclusion would be achieved i.e. an unqualified audit.

Decision

The Committee noted the position and agreed that the action points from the audited accounts be considered at the next meeting of the Committee.

A7. FINANCE REPORTS

(a) Audited Financial Statement of Accounts 2016-17

Iain Shaw provided an update on the audited financial statements of accounts, 2016-17, and in particular the accounting treatment of RTPI hardware which had been decommissioned.

Decision

The Committee noted the update on the audited financial statements of accounts 2016-17; and noted that the accounts would be available in full for the Board.

(b) Public Services Forum (Scotland) Act 2010 (PRSA)

The Committee considered a report by Iain Shaw, Treasurer/Angela Chambers, Business Manager advising the Board of annual publication of certain information to be published.

Decision

The Board noted:-

- (a) the content of the material for publication under the Public Services Reform (Scotland) Act 2010 and detailed in appendix 1 of the report;

(b) agreed that the relevant separate statements would be published on SEStran website; and

(c) as regards paragraph 8.4 of the report, remitted the Partnership Director to investigate how outcomes could be demonstrated more clearly quantitatively and qualitatively.

A8 RISK REGISTER

The Committee considered a report by Angela Chambers providing the Committee with an overview of SEStran's Risk Management Framework and reporting the results of an internal review carried out over the summer.

Decision

The Committee :-

- Agreed that the current Risk Register is no longer fit for purpose;
- Noted with approval the newly designed Risk Register template;
- Noted that a Risk Report will be brought to the November meeting of the Performance and Audit Committee; and
- Commended Sophie Pugh for her work in producing the revised format.

A9 POLICY & PROJECTS UPDATE

Keith Fiskien , Business Partner, presented a report by Jim Grieve, Head of Programmes updating the members on the Scottish Government's programme and approach to the comprehensive review of the National Transport Strategy ("NTS2") and on SEStran's progress on awarding the "FAST" grant.

Decision

The Committee noted the contents of the report.

A10 CYBER RESILIENCE: PUBLIC SECTOR ACTION PLAN -

The Committee considered a report by Angela Chambers, Business Manager on the global cyber-attack which affected more than 150 countries worldwide and had a high profile impact on some NHS services in Scotland, underlining the potential seriousness of the cyber threat.

Decision

The Committee:-

- (1) Noted the contents of the report;
- (2) Requested that the Chair of the Board write to the Deputy First Minister outlining SEStran's commitment to cyber resilience but seeking to understand his offer of further funding for small public bodies to undertake the actions within the proposed timescale; and
- (3) Agreed that a further report will be brought to a future meeting of the Committee when Scottish Government formalise and publish their Action Plan and Best Practice Guidance.

A11 CONSULTATION ON PROPOSED CHANGES TO COUNCILLORS' CODE OF CONDUCT

The Committee considered a report by Andrew Ferguson, Secretary updating Members of a revision to the Councillors' Code which would affect Regional Transport Partnership (RTP) members, and revisiting the position as regards SEStran's own Code of Conduct.

Decision

The Committee noted:-

- that the terms of the Scottish Government's change to the Code of Conduct for Councillors, was not available on the date of the meeting; and
- the terms of the current SEStran Code of Conduct.

The Committee agreed to exclude the public and press under the relevant provisions of the Act for the remaining items. Keith Fiskien and Chloe Collins left the meeting at this point.

A12. LENGTH OF TENURE OF CHAIR/DEPUTY CHAIRS

The Committee considered a report by Andrew Ferguson, Secretary and Legal Adviser, advising members of the terms of the report to the Partnership Board on 11th August which advised on the revised guidance from Transport Scotland on length of tenure for Chairs and Deputy Chairs of Regional Transport Partnerships (RTPs).

Decision

The Committee:

1. noted the terms of the report and associated note and discussed the issues arising from it; and

2. agreed to record the issues in the year's governance statement delegating the appropriate wording to the Partnership Director and Secretary and Legal Adviser, in consultation with the Treasurer and Internal and External Auditors.

A13. GRADING REVIEW

The Committee considered a report by George Eckton, Partnership Director, providing the Board with a summary of results and proposed implementations.

Decision

The Committee:-

1. agreed the implementation of the new grading structure for SEStran;
2. noted the grading review concluded the action agreed by the Performance and Audit Committee in September, 2016 and implements an action included in our statutory Equality Outcomes 2017-2021, agreed by the Board in March, 2017; and
3. noted the update provided on the continued lobbying by SEStran to have all RTPs included on the Redundancy Modification Order and the legal advice provided as part of the Grading Review which concludes that RTPs are covered by the provisions of the Order.

A14. AOCB

None

A15. DATE OF NEXT MEETING

Decision

The Committee noted that the next meeting would take place on Friday 24th November 2017 at 10.00 a.m.

**CHIEF OFFICER LIAISON GROUP MEETING
10:00AM THURSDAY 24 AUGUST 2017**

Present:

George Eckton (GE)	SEStran (Chair)
Nikki Boath (NB)	SEStran
Julie Cole (JC)	Falkirk Council
Lesley Deans (LD)	Clacks Council
Neil Dougall (ND)	Midlothian Council
Keith Fiskien (KF)	SEStran
Jim Grieve (JG)	SEStran
Graeme Johnston (GJ)	Scottish Borders Council
David Leslie (DL)	CEC
Chirsty MacFadyen (CMacF)	SEStran Visitor
John Mitchell (JM)	Fife Council
Sophie Pugh (SP)	SEStran

Apologies:

Peter Forsyth	East Lothian Council
Graeme Malcolm	West Lothian Council
Iain Shaw	City of Edinburgh Council

Ref.		Actions
1.	Welcome and Apologies for Absence	
1.1	GE welcomed the group to the meeting and apologies are noted as above. Introduced CMacF as a work shadow student from the University of St.Andrews.	
2.	Presentation – SEStran Brand	
	KF gave a presentation.	
	GE informed the group that following a meeting with the new SEStran Chair and Deputy Chairs it had been decided to conduct a survey in relation to the SEStran brand. The results of the survey will be presented at the next Partnership Board. KF will email the survey to the group and Board members.	KF
	KF will forward the 2 presentations to the group for information.	KF
3.	Minutes	
(a)	<u>Chief Officers Liaison Group – 25 May 2017</u> <u>7.1 Update on Council Administration</u> – GE informed the group that PB board to be held in June was postponed. <u>8(c) Low Emissions Zone</u> – GE provided a verbal update. <u>8 (e) National Transport Strategy Review: Call for Evidence</u> - GE	

	<p>reported this response is on SEStran's website. GE will check with Lisa Freeman this response was shared with the group.</p> <p>13.1 <u>Service Level Agreements</u> – GE reported that CEC have suggested they will provide Committee Services but are unable to provide the legal agreements. GE advised the group that SEStran are able to access legal advice through a Scottish Government framework contract.</p> <p>14.1 <u>MaaS Scotland</u> – GE reported that SEStran have joined Maas Scotland.</p>	GE/LF
(b)	<p><u>Partnership Board – 11th August 2017</u></p> <p>GE provided a verbal update of the main points of the PB meeting:</p> <ul style="list-style-type: none"> - Appointment of new Chair – Cllr Gordon Edgar - Appointment of new Deputy Chairs – Cllr Lesley Macinnes & Cllr Colin Davidson - New audit committee identified - Updates on board diversity, equality outcomes proposals - Induction training for board members 	
4.	Model 3 - SEStran Progress Report	
	<p>GE provided a verbal update to the group. GE advised that he has given a commitment to the Chair that the consultation will formally conclude in December 2017. GE pointed out that Model 2 is still of interest.</p>	
5.	Financial Reports	
(a)	<p><u>Audited Annual Accounts – 2016/17</u></p> <p>GE gave verbal update, the main points for noting are:</p> <ul style="list-style-type: none"> - Asset register for RTP1 scheme - Application of VAT - Governance Statement – SEStran operating from April 2016 – July 2016 under Senior Vice Chair until new Chair appointed. <p><u>Public Service Reform Scotland Act 2010 (PRSA)</u></p> <p>GE reported that SEStran are currently working on the Public Service Reform Statement. GE highlighted that SEStran have upgraded IT system and closed the external store as continued examples of actions to further promote best value and efficiency.</p>	
6.	National Transport Strategy 2/E&S/Planning Review	
	<p>GE provided a verbal update. A general discussion followed. GE highlighted that Cllr Gordon Edgar (SEStran Chair) is on the board of National Transport Review Board.</p>	
7.	Consultations Reports	
(a)	<p><u>Parking Consultation</u></p> <p>SP provided a verbal report and informed the group that the paper is</p>	

	<p>due for submission at the beginning of September. Any comments the group would like to submit must be done by the end of the week. The general consensus of the group was there is a need for more clarity with regard to parking.</p>	
(b)	<p><u>Low Emissions Zones</u> GE presented the report. GE highlighted the costs of a Low Emissions Zone. KF reported that CEPA are doing the modelling for an LEZ area.</p>	
(c)	<p><u>Socio-Economic Duty</u> GE provided a verbal update. GE pointed out that the consultation will close on 12 September and highlighted that the proposed date for implementation is December 2017. GE will share SEStran's consultation response with LD as requested.</p>	GE
	<p>KF will forward to the group the press release to Equalities & Health Group.</p>	KF
(d)	<p><u>Climate Change Bill</u> GE presented the paper. Comments are invited from the officers prior to the next Partnership Board meeting.</p>	
(e)	<p><u>Aviation Strategy</u> GE presented the report. There was strong support from the group for a surface access policy, given the difficulties of getting there and asking for it to be statutory. DL also raised the issue that the continuous increase in parking is due to the Airport's permitted development rights. GE stated that these comments will be included in the consultation paper.</p>	
8.	Annual Report	
	<p>SP provided a verbal update and KF highlighted that the draft will be sent to the graphic designer imminently.</p>	
9.	RTS Monitoring Analysis & Update by Partner Authority	
	<p>SP presented the report. GE thanked SP for all her hard work during her summer placement at SEStran. The consensus of the group is to wait until after the new NTS is produced before updating the RTS.</p>	
10.	Projects Update/EU Update	
	<p>JG provided a verbal update to the group which provided a summary of project updates. The mains points for noting are:</p> <ul style="list-style-type: none"> • RTPI – new ticket machines introduced to small operators. This has been funded via ERDF awards • FAST Grant has been awarded, grants approved and discussions are ongoing • SURLOGH – this is a freight hub project and commences in September 2017 in partnership with Napier TRI. 	

11.	Risk Report	
	GE provided a verbal update and highlighted that this updated report is being presented at the P&A meeting.	
12.	Freight Quality Partnership – Freight Issues	
	Group discussed the need and scope of a group covering freight issues. JM stated that Fife region would like to establish a rail freight forum which deals with key rail issues within the Fife region only. JM enquired how this Forum could be set up and who the key people are to attend. JG commented that he would like to be involved.	
13	AOCB	
	None	
14.	Date of Next Meeting	
	The date of the next meeting is 10.00 on Thursday 9th November 2017 in Room 3E-95, Victoria Quay, Edinburgh, EH6 6QQ.	

Regional Transport Partnerships

Chairs Meeting

Minute of Meeting held in the Malmaison Hotel, Dundee on Wednesday 23 August 2017 at 0930hrs.

PRESENT

Cllr Brian Gordon, Tactran (Chair)
Cllr Martin Bartos, SPT
Cllr Andrew Henderson, Hitrans
Cllr Peter Argyle, Nestrans
Cllr Gordon Edgar, Sestran
Cllr Andrew Wood, Swestrans

IN ATTENDANCE

Mrs Joanne Gray, Transport Scotland
Mr Bruce Kiloh, SPT
Mr George Eckton, Sestran
Mr Eric Guthrie, Tactran
Mr Douglas Kirkpatrick, Swestrans
Mr Michael Craigie, ZetTrans
Mr Derick Murray, Nestrans
Mr Frank Roach, Hitrans

APOLOGIES

Cllr Ryan Thomson, ZetTrans
Mr Eric Stewart, SPT
Mr Ranald Robertson, Hitrans
Mr Robert Nicol, COSLA.

Welcome and Apologies 1

Cllr Gordon welcomed everyone to the RTP Chairs meeting and noted the apologies above.

Cllr Gordon then paid tribute to Cllr Alistair Watson, the first Chair of SPT, who had passed away suddenly in June, highlighting his contribution to promoting sustainable transport, and the key role he played in the development and establishment of RTPs. Cllr Gordon noted he will be sadly missed across Scotland and asked that the condolences of the Chairs be passed on to Cllr Watson's family and his colleagues at SPT. As a mark of respect to Cllr Watson, a moment of silence was then observed.

Minute of RTP Chairs Meeting on 9 March 2017 (attached) and Matters Arising 2

Noted.

RTP Chairs Meetings 3

- a. *Background – Memorandum of Understanding (attached)*
- b. *“Develop to Deliver – Maximising the role of RTPs in furthering improvements to transport in Scotland” Report (attached)*
- c. *Format of Future Chairs Meetings*
- d. *Work Programme*

After discussion, in relation to the sub-items above, the Chairs agreed:

- b. To write to President of COSLA and Chair of the Environment and Economy Committee to request meeting to discuss progress.**
- c. To consider format at next meeting, and to try a workshop format at the next Chairs meeting in December.**
- d. To invite the Transport Minister to the next meeting, in addition to those noted, Jonathan Bray of the Urban Transport Group, Roy Brannen of Transport Scotland, and the Chair of CPT Scotland. Further, requested Lead Officers to prepare updated Work Programme and Future Invitee list for next meeting.**

- 4 *a. Update*
 b. Invitation for RTP Chair representative on NTS Review Board (attached)

After discussion, in relation to the sub-items above, the Chairs agreed:

a. After vote, the Chairs agreed that Cllr Edgar would be the RTP Chairs representative, with Cllr Gordon as deputy.

- Current issues 5 *a. Places People and Planning Position Statement – Joint RTP response (attached)*
 b. Enterprise and Skills Review
 c. Improving Parking in Scotland
 d. Climate Change Bill
 e. Low Emissions Zones
 f. Road Works Consultation
 g. Forthcoming Transport Bill
 h. Brexit – Impact on Transport

After discussion, in relation to the sub-items above, the Chairs agreed the following:

- a. Approved.**
b. Requested that the Scot Govt report on the Enterprise and Skills Review be circulated for information. Agreed to write a letter to the Transport Minister regarding this Review and other related items.
c. Agreed to delegate the response to RTP Lead Officers.
d. Noted that RTPs may respond collectively or individually.
e. Agreed to delegate the response to RTP Lead Officers.
f. Agreed to delegate the response to RTP Lead Officers.
g. Requested a report on the proposed Transport Bill for next meeting.
h. Requested that this item be kept on agenda for future monitoring.

- a. *Active Travel*
- b. *Bus*
- c. *Ferries*
- d. *Rail*
 - 1. *Public Sector Bidder for ScotRail Franchise*
 - 2. *East Coast Mainline Authorities*
 - 3. *High Speed Rail Scotland*
- e. *Air*
 - 1. *DfT Aviation Strategy*
 - 2. *Island Air Links*
- f. *Equalities*
 - 1. *Socio-Economic Duty*

After discussion, in relation to the sub-items above, the Chairs agreed the following:

- a. **Noted.**
- b. **Noted.**
- c. and e(2). **Noted.**
- d. **Noted.**
- e. **To write to Transport Minister highlighting that Scotland's airports should be subject to a duty to prepare Surface Access Strategies.**
- f. **Agreed to delegate the response to RTP Lead Officers.**

Dates of Future Meetings 7. **Agreed.**

AOB 8. None.

DRAFT

Review of Forums

1. INTRODUCTION

1.1 Between June 2016 and March 2017, on several occasions, the previous Board discussed a proposed review of the consultative structures of the Partnership¹. Previously, SEStran managed 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. The previous Board was unable to conclude the process, given the forthcoming Council elections, following a mandate given to the Director in June 2016.

1.2 There is a clear distinction between Committees and Forums. The current committee structure consists of the Performance and Audit Committee, which reports to the Partnership Board and a Succession Planning Committee. There is no suggestion of change to this committee structure, with the exception of the Appointments Committee, detailed in Item XX. The present structure provides a clear mechanism for transparency and audit of the Partnership's activities in respect of policies, succession planning and appointments. The purpose of this paper is to describe the new office bearers' proposals for the introduction of a new forum structure.

2. SUMMARY OF PREVIOUS COMMENTS

2.1 At the August 2017 Partnership Board meeting, views were expressed suggesting that the previous forums offered the opportunity to scrutinise or challenge public transport operators. However, as a Model 1 RTP SEStran is not empowered with those direct responsibilities and the office bearers feel a change in the consultative forum structure would promote a greater degree of partnership working with the operators; a view which has also been expressed by various stakeholders. For example, ScotRail has asked for a wider integrated forum to fulfil their stakeholder engagement responsibilities, as distinct from a stand-alone "rail forum". They wish to develop links with Bus and Active Travel groups. Outlined elsewhere on the agenda is the Scottish Government's plans to move away from "silo/sole subject" groups and the structure of the NTS2 consultation. As outlined in Item 10, the Policy and Projects report, includes a description of a more integrated consultative approach to transport policy formulation, nationally. In response to a question from the Performance and Audit Committee on how influential SEStran could be in national debates, the Partnership Director stated that having a consultative structure, which is seen as relevant and reflective of direction of travel, would assist SEStran in being able to influence and lobby

¹ March 2017 paper <http://sestran.gov.uk/wp-content/uploads/2017/03/1487862669.pdf>
Dec 2016 paper pages 91-94 <http://sestran.gov.uk/wp-content/uploads/2017/02/1480082271.pdf>
September 2016 pages 137-141 <http://sestran.gov.uk/wp-content/uploads/2017/02/1474022237.pdf>
June 2016 <http://sestran.gov.uk/wp-content/uploads/2017/02/1465893699.pdf>

effectively. This view was accepted by the Committee and is recommended to the Board.

2.2 At the last meeting of the Board, a view was expressed that 2/3 meetings a year of all 7 forums should not place a strain on SEStran's resources and that officers did not need to attend. However, current guidance suggests that officers should attend such meetings to ensure representation of the Partnership. Furthermore, SEStran officers have taken on a significant number of projects in recent months, following approval from the Board and this, added to a consultative calendar requiring officers to service multiple sole policy forums, is likely to prove inefficient, resource intensive for stakeholders and critically not in the best interest of the Partnership. Constituent council Officers have also stated that fewer meetings would enable them to effectively support the forums, from an individual council viewpoint. This again was the stated view of Chief Officers at their August 2017 meeting. The Partnership Director has also requested that digital knowledge hubs are set up for each previous forum to allow continuation of discussions and knowledge exchange on specific policy areas, which is now common practice across local government to enable information exchange with a reduced need for meetings, recognising the pressure on officer resources throughout local government and reducing the need for travel but enabling dialogue.

2.3 There is clearly a need for forums going forward to be strategically inputting to a work plan and enabling and contributing delivery of the Annual Business Plan. This should enable the Board to see the strategic impact of their work and facilitate the structures going forward to agree measurable outcomes for clarity / future decision making. Allowing the big picture to be pulled together and the delivery of Regional Transport Strategy through these consultation structures to be clearly assessed by the Board. Having this direction and impact now will save board time and focus discussions on key issues which have been subject to integrated debate at relevant forums.

3. FUTURE PROPOSALS

3.1 The Chair and Vice-Chairs have proposed that whilst recognising the previous views expressed, the wider corporate demands placed on the limited SESTRAN staff resource pointed to the need for a change in structure to enable prioritisation of resource. The Chair and Vice-Chairs therefore propose:

- 2 regional consultative forums, more in line with the original guidance issued in 2005/06 by the Scottish Government. In recognising the wider legislative requirement to consult on the RTS, the office bearers propose that there should be an:
 - “Integrated Inclusive Growth” forum looking at the passenger transport aspects bus, rail, mobility as a service, airport surface access and sustainable transport issues; and
 - an “Economic Growth and Resilience” forum which will have a focus on all forms of freight, business needs in line with the Enterprise and Skills review recommendations and sustainable logistics;

- These regional consultative forums will be chaired by the SEStran Vice Chairs and in their absence by the Partnership Director and meet twice a year (one forum Spring/Autumn and the other forum Winter/Summer) with a work programme informed by the Business Plan for the year. The membership would as with the current liaison structures be open to all to attend and the changes would seek to strengthen the work and direction of our external liaison towards the achievement of identified strategic outcomes.
- The Equalities and Healthcare forum would continue as a primarily stakeholder and officer group chaired by the Partnership Director to deliver our Equality Outcomes and legislative requirement to consult Health Boards and those who represent those with or share a protected characteristic. Albeit, the group would remain open to all in terms of ability to attend but there has been limited board member attendance in recent meetings. It would still be the intention to ensure that any issues raised are mainstreamed into the other forums/groups to fulfil our Equality duties.
- In terms of the Chief Officers group, it provides a clear opportunity for developing a key stakeholder lead input to the work of SEStran and should be retained, with perhaps greater integration across wider infrastructure and land-use planning considerations, consistent with the City Deal, Enterprise and Skills review and Planning Review. This would remain a lead officer group of the 8 councils meeting with the SEStran team of officers and relevant executive stakeholders. This forum would continue to be an officer only group focused on operational and implementation of strategic matters.

3.2 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 wider Regional Partnership. It is proposed by the Chairs and Vice-Chairs that this change seeks to balance a continuous improvement approach to engagement, recognises the demands on all stakeholders' time and would be proposed to be reviewed by the Board in Winter 2018/18 prior to the completion of NTS2 and presumably the commencement of the new RTS. This will enable a period of identifying potential overlaps, further efficiencies and striking the right balance between operational and strategic for our liaison/consultative structures.

4. CONCLUSION

4.1 The Board are asked to agree the proposals from the Chair and Vice-Chairs to introduce a new consultative structure for the new session of the SEStran Board and that meetings will be organised for Autumn/Winter 2017/18.

George Eckton
Partnership Director
 15th September 2017

On behalf of the Chair and Vice-Chairs of SEStran

Policy Implications	Maximise the potential for partnership working on the delivery of policy.
Financial Implications	Potential to reduce the amount of officer time and financial resource spent on stakeholder engagement, whilst providing an integrated and inclusive forum.
Equalities Implications	Proposal would seek to retain and mainstream equalities policy development.
Climate Change Implications	The proposals will reduce the number of meetings, reducing the travel associated with SEStran activities in line with our Climate Change Duties as a public body.

Board Members: Selection Panel, Skills Audit and CPT Conference

1. INTRODUCTION

- 1.1 The Board received an update on the Non-Councillor Member (NCM) recruitment process at the August board meeting. As part of that report it was agreed that a further report to the Board would decide on the selection panel. The paper also provides an update on the recently circulated Board Skills audit, similar to that circulated to non-councillor members earlier this year and the previous request from Mr Anderson for attendance at this year's Confederation of Passenger Transport (CPT) conference.

2. RECRUITMENT AND SELECTION PROCESS

- 2.1 The August Board report outlined for noting that the recruitment process commenced publicly on 26 June¹ and is scheduled to close on 30 September. As discussed at the March 2017 Board meeting, the application pack is not specific on the membership of the interview panel. The August board paper outlined that once a Chair has been appointed a further paper will be tabled to September Board meeting to determine the details of the process and membership. Following discussions with the Chair, it is proposed that a 3-person selection panel should be appointed comprising of all 3 office bearers, appointed at the 11 August board meeting. This is consistent with the remit of the Succession Planning committee agreed at the August Board which recommends that one or more of the Committee should be involved (e.g. Cllr Edgar). It is proposed to undertake the selection, shortlisting and interview process during October to November and report back to the Board for consent in December. Our HR Advisers Falkirk Council has advised they will provide operational support expertise for selection and interview process.
- 2.2 Bearing in mind the timescale between interviews and the Board meeting of 8th December, the Board may wish to consider whether it wishes to delegate to the sub-committee to make the appointment, following consent of Scottish Ministers, in advance of the full Board meeting in December.

3. SKILLS AND DIVERSITY AUDITS

- 3.1 The Partnership Board meeting held in March 2017, it was agreed to set up a Board Diversity Succession Planning Committee. Further, the Board agreed the first SEStran Board Succession Plan² to better achieve our

¹ https://applications.appointed-for-scotland.org/pages/job_search_view.aspx?jobId=1147&JobIndex=1&categoryList=&minsal=0&maxsal=150000&workingPatternList=&keywords=&PageIndex=1&Number=11

² http://www.sestran.gov.uk/wp-content/uploads/2017/04/2017_04_27_Board_Diversity_Succession_Plan-1-1-1.pdf

Public Sector Equality Duties and also the associated purpose of delivering highly effective and diverse Boards. In doing so, the Plan has sought to balance two distinct but related concepts of Diversity:

- Member's Skills, experience, knowledge and other relevant attributes such as personal values; and
- Diversity of members in relation to their protected characteristics as defined by the Equality Act 2010: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. (a confidential questionnaire was sent out in April 2017 to members of the Board in the previous 2 years, and we would propose to do so again in April 2019). The gender balance of the Partnership Board over the period of 2015 – 17 was: Identified as Male 85%; Identified as Female 15%. This data was gathered through a confidential and voluntary survey of Board Members which received a 41% response rate

3.2 The Skills Audit questionnaire seeks to address the members skills aspects of our Succession Plan. This was initially being sent to Non Cllr Members of the Board in April 2017 (there is no requirement for those who have responded already to respond again, unless they wish to update their skills information). It was also agreed that the same skills proforma would be subsequently sent to Councillor members once the appointments have been made to the new Board in Summer 2017. Part of the reason for the collation of this data would be to identify any gaps following the issuing of an advert for appointment of non-councillor members as 7 of the current terms finish in March 2018. This would enable a full picture of skills available to be gained and would assist in the delivery of the aims set out in the Board Diversity Succession Plan, while also enabling Board Members to identify any areas they would like to upskill.

3.3 Please note this process is voluntary, however as outlined in the [On Board Guidance](#) SEStran have a responsibility to identify training needs of all board members collectively and to seek to better understand diversity of representation and specific legal duties on gender balance. Responses are requested by 20th October.

4. CPT CONFERENCE 2017

4.1 Charles Anderson raised the issue of attendance at the Confederation of Passenger Transport Conference, which he stated he had attended as Chair of the Bus Forum in 2014 and 2015. The Conference was due to take place on 1st and 2nd November. Delegate cost was £450. The Partnership Director indicated that, to ensure best value was achieved for the total member expenses budget of £3000, he had already distributed a skills audit questionnaire to non-councillor members, and would now do so to elected members. The Chair said the matter would be considered subsequently

and a report brought to the next meeting. The Chair indicated to the Partnership Director his inclination that an officer should attend given the representational nature of the attendance. The Board is recommended to endorse this view and agree that an officer attend the conference.

5. CONCLUSION / RECOMMENDATIONS

- 5.1 The Board are asked to agree the composition of the selection panel to be the Chair Cllr Gordon Edgar, Cllr Colin Davidson and Cllr Lesley Macinnes.
- 5.2 The Board considers whether it wishes to delegate authority to the sub-committee to agree the appointments for subsequent consent of Scottish Ministers in advance of the December Board meeting.
- 5.3 Note the update provided on the Board Skills Audit questionnaire.
- 5.4 Agree the proposal on attendance by the Chair for this year's CPT conference.

George Eckton
Partnership Director
 15th September 2017

Policy Implications	The appointment process is consistent with Standing Orders and our statutory duties under the Equality Act and its associated regulations.
Financial Implications	Travel expenses for applicants will be covered from the members expenses budget line.
Equalities Implications	The appointment process is consistent with Standing Orders and our statutory duties under the Equality Act and its associated regulations.
Climate Change Implications	None

Audited Financial Statement of Accounts 2016-17

1 Introduction

- 1.1 The purpose of this report is to present to the Partnership Board the audited annual accounts for the year ended 31st March, 2017 and to recommend they are approved for signature. A copy of the audited annual accounts is appended to this report (Appendix 1).

2 Main Report

- 2.1 Scott-Moncrieff, the Partnership's external auditor, has concluded the audit of the financial statements for the year ended 31st March 2017. There are no qualifications to the audit certificate which appears on pages 45 and 46 of the accounts. The External Auditor's opinion states that the financial statements present a true and fair view of the financial position of the Partnership as at 31st March 2017 and its income and expenditure for the year then ended.
- 2.2. The Management Commentary on pages 2 to 4 of the accounts highlights key aspects of financial performance during the year.
- 2.3. The External Auditors report to Members on the 2016/17 audit is considered separately on the agenda of this meeting of the Partnership Board. A verbal update on progress with completion of the audit of the annual accounts was considered at the Performance and Audit Committee meeting of 8th September 2017. The Chair of the Performance and Audit Committee will have an opportunity to report to the Board on any issue arising from the Performance and Audit Committee's consideration of the accounts.

3 Recommendations

- 3.1 It is recommended that the Partnership Board:
- 3.1.1 note the audited annual accounts and the Auditor's opinion in the audit certificate to the accounts;
- 3.1.2 authorise the annual accounts for signature.

Hugh Dunn
Treasurer
September 2017

Contact/tel Iain Shaw, Tel: 0131 469 3117
(iain.shaw@edinburgh.gov.uk)

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 2016/17 annual accounts.
Equalities Implications	There are no equalities 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**

2016/2017

The South East of Scotland Transport Partnership (SESTRAN)

CONTENTS

	<u>Page</u>
Management Commentary	2-4
Statement of Responsibilities for the Annual Accounts	5
Annual Governance Statement	6-8
Remuneration Report	9-10
<u>Accounting Statements and Notes to the Annual Accounts:</u>	
Annual Accounts;	
1. <i>Movement in Reserves for the year ended 31st March 2017</i>	11
2. <i>Comprehensive Income & Expenditure Statement for the year ended 31st March 2017</i>	12
3. <i>Balance Sheet as at 31st March 2017</i>	13
4. <i>Cash Flow Statement for the year ended 31st March 2017</i>	14
Statement of Accounting Policies	15-18
Notes to the Annual Accounts	19-44
Independent Auditors Report	45-46

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).

As a result of the 'Telling the Story' review of the presentation of local authority financial statements, a new Expenditure and Funding Analysis statement has been included at Note 2 on Page 19. An explanation of the nature and purpose of the statement is also included.

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:

“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.”

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 2.

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 2016/17 was £1.620m. A comparison of the outturn position with the revised budget is summarised below:

	Revised Budget £'000	Outturn £'000	Variance £'000
Core Service	550	457	(93)
Revenue Projects	725	480	(245)
RTPI Project	344	515	171
Interest	1	0	(1)
Total Expenditure 2016/17	1,620	1,452	(168)
Government Grant	(782)	(782)	0
Constituent Council Requisitions	(200)	(151)	49
Other Income - Revenue Projects	(465)	(222)	243
Other Income - RTPI Project	(173)	(295)	(122)
Other Income - Miscellaneous	0	(2)	(2)
Total Income 2016/17	(1,620)	(1,452)	168

The Partnership incurred core service expenditure of £0.457m which was £93,000 below the revised Core Service revenue budget. This underspend mainly reflected reduced expenditure on staffing.

The Partnership incurred net expenditure of £0.258m on revenue projects which was £2,000 under budget.

The Partnership also incurred expenditure of £0.515m on the RTPI capital project, funded principally by income from bus operators, by the European Regional Development Fund (ERDF) and by the Partnership's underspend on the 2015/16 Revenue budget (see below).

Overall the Partnership had an underspend against the revenue budget of £49,000 which the Board, at its meeting on 2nd March 2017, agreed would be used to meet future commitments on the Sustainable and Active Travel Grant Scheme.

The Partnership carried forward a balance of £87,000 from an underspend on the 2015/16 Revenue budget for the RTPI project. During 2016/17, the Partnership claimed £32,000 from ERDF in respect of expenditure on the RTPI project. The Partnership used both these funding contributions towards the project during 2016/17.

The Partnership spent £79,000 on assets under construction in 2016/17 towards operational equipment for the regional real-time bus passenger travel information system.

Non Financial Results

The focus of SEStran's RTPI system, in 2016/17, was on bringing in the region's smaller operators to the system. SEStran was successful in winning funds from an ERDF competition (40% contribution) to help fund the purchase of GPS enabled ticket machines which, in addition to facilitating integrated ticketing, will enable access to the RTPI system. Five operators are now equipped and awaiting the completion of an interface between the ticket machine provider ("Ticketer") and the existing back office system.

In respect of the TV screens showing RTPI, a further 120 were committed in 2016/17 and SEStran has employed a member of staff to focus on delivering all the screens currently purchased and to complete the roll out of the initial system.

In 2016/17, SEStran's Regional Cycle Network Grant Scheme funded Diaches Brae construction in the City of Edinburgh along with a number of feasibility studies including a topography survey for the city's Bioquarter development and paths at Crail to St Andrews, Musselburgh and Walkerburn to Clovenfords.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (Contd.)

5. Results for the Year (Contd.)

Non Financial Results (contd)

Sustainable transport projects match funded in 2016/17, included Edinburgh College electric vehicles, Midlothian Smarter Choices, Smarter Places, Forth Valley College tripshare and travel planning for Queen Margaret University and a joint Edinburgh University/ Bioquarter/Scottish Enterprise.

European projects, Sharenorth and Socialcar continued and a new sustainable transport project, entitled Regiomob which focusses on share best practice over 7 countries, was started in 2016/17. The Partnership has also continued, through projects and everyday activities, to promote the further roll-out and development of Tripshare and Thistle Card projects. On the latter project, an Andriod and Apple based App has been developed and soft tested this year.

Throughout the year, SEStran worked constructively with Young Scot, Stonewall Scotland, Equate Scotland, Women 50/50 and Changing the Chemistry to increase diversity and widen the focus of consultation of the organisation. SEStran has published a set of Equality Outcomes 2017-2021 to guide our work in this area over the next few years alongside a target focussed Business Plan for 2017-2018.

Further details of the Partnership's performance can be found in the Annual Report detailed on their website at the following link:- <http://www.sestran.gov.uk/news/sestran-annual-report-2016-2017>

6. Future Developments

On 2nd March 2017, the Partnership's Board agreed a revenue budget for 2017/18, which made provision for £0.478m of core service costs and £0.849m of project expenditure in support of Regional Transport Strategy (RTS) projects. This represents a budget reduction from 2016/17 mainly due to reducing the Council contributions by 5% and the removal of the rail stations development as a result of delay in progressing the East Linton and Reston stations. Budgeted 2017/18 income from the EU projects amounting to £95,000 is anticipated in the current year and SEStran is working on applications for further EU projects whilst options are available prior to the end of Article 50 negotiations.

In view of the available level of funding, the challenge to deliver the full RTS continues. It remains the Partnership's intention to carry out a full re-write of the RTS but the Partnership considers it prudent to await the outcome of government decisions as regards the future of Regional Partnerships and regional spatial plans before making that commitment.

Following the Local Government elections on 4th May 2017 and subsequent Board appointments to the Partnership Board by constituent councils, the new Board met on 11th August 2017. At this meeting, the Partnership chairperson, vice chair-persons and Committee appointments were agreed following the procedure outlined in the Partnership's Standing Orders and the 2005 Membership Order.

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

Chair of Partnership Board: GORDON EDGAR _____ 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.

I confirm that these annual accounts were approved for signature by the South East of Scotland Transport at its Board meeting on 22nd September 2017.

Chair of Partnership

Board:

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 2017.

Treasurer:

HUGH DUNN, CPFA

Date signed:

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2016/17

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 reflects the requirements of the "Delivering Good Governance in Local Government: Framework (2016)" 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 enables the Partnership to manage its key risks efficiently, effectively, economically and ethically.

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2016/17 (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 businesses 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 reports 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, which** 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, which** 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 2016/17 (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.
- **The External Auditor'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.

For the period 1 April 2016 to 30 June 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. This matter was identified by Internal Audit in its 2015/16 Annual Report and was fully rectified on 1 July 2016 when Councillor Lesley Hinds was appointed as Chairperson.

It is noted that revised Scottish Government guidance, which was received in June 2017, indicated that a Chair should only serve during two Council terms, and that Chairship should not extend into a third Council term. This matter was discussed at the Performance and Audit Committee meeting of 8th September 2017, and the Committee received assurances that this guidance had no retrospective effect which could call decisions of the Partnership into question during the period 29th June 2012 to 3rd December 2015. The Committee asked that the issue be recorded for transparency in the Annual Governance Statement 2016/17 and noted that Officers and Members acted on the basis of available legal advice based on the Guidance then available.

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 2017.

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 her findings are included in the Head of Internal Audit's Annual Report.

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

Chair of Partnership

Board:

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 19 to the annual accounts.

3. Management of Remuneration Arrangements

The remuneration of the Partnership's employees is administered 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	2016/17	2015/16
£50,000 - £54,999	1	1
£60,000 - £64,999	1	0
£90,000 - £94,999	0	1

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 2016/17 £'000	Total Remuneration 2015/16 £'000
Alex Macaulay - Partnership Director (to 30/4/16) *	8	8	91
George Eckton - Partnership Director (from 1/6/16) *	62	62	0
	70	70	91

* full time equivalent 2016/17 salaries being Alex Macaulay (£90,216) & George Eckton (£75,000)

The senior employee(s) 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 Remuneration Report relates, whether solely or collectively with other persons.

6. Senior Employees Pension Entitlement

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

Name and Post Title	In-year pension contributions			Accrued pension benefits	
	2016/17 £'000	2015/16 £'000		As at 31 March 2017 £'000	Difference from 31 March 2016 £'000
Alex Macaulay - Partnership Director (to 30/4/16)	2	19	Pension	15	1
George Eckton - Partnership Director (from 1/6/16)	14	0	Lump Sum	9	0
			Pension	15	15
			Lump Sum	16	16
	16	19			

The senior employees shown in table above are members of the Local Government Pension Scheme (LGPS).

The South East of Scotland Transport Partnership (SESTRAN)

REMUNERATION REPORT (contd.)

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 2016-17 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.

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 2016-17.

All information disclosed in the tables at paragraphs 4, 5 and 6 in this Remuneration Report will be audited.

The other sections of the Remuneration Report have been reviewed by the appointed auditor to ensure that they are consistent with the annual accounts.

Chair of Partnership
Board:

GORDON EDGAR

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.

Re-stated

2015/16 - Previous Year Year Comparative

Opening Balances at 1 April 2015

Total Comprehensive Expenditure and Income

Adjustments between accounting basis & funding basis under regulations (Note 7)

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
(2,392)	(2,392)	211	(2,181)
2,392	2,392	(2,392)	0
0	0	(2,181)	(2,181)
0	0	1,430	1,430

2016/17 - Current Financial Year

Opening Balances at 1 April 2016

Total Comprehensive Expenditure and Income

Adjustments between accounting basis & funding basis under regulations (Note 7)

Increase/Decrease in 2016/17

Balance at 31 March 2017 carried forward

Usable Reserves		Unusable Reserves	Total Partnership Reserves
General Fund Balance	Total Usable Reserves		
£'000	£'000	£'000	£'000
0	0	1,430	1,430
(1,285)	(1,285)	(107)	(1,392)
1,285	1,285	(1,285)	0
0	0	(1,392)	(1,392)
0	0	38	38

The South East of Scotland Transport Partnership (SESTRAN)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2016/17

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.

Re-stated 2015/16				2016/17		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Services	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
3,557	(5)	3,552	Core	1,814	(2)	1,812
1,789	-2,066	(277)	Projects	915	-516	399
5,346	(2,071)	3,275	Cost Of Services	2,729	(518)	2,211
59	(47)	12	Financing & Investment Income (Note 9)	61	(54)	7
0	(895)	(895)	Taxation and Non-Specific Grant Income (Note 10)	0	(933)	(933)
5,405	(3,013)	2,392	(Surplus) or Deficit on Provision of Services	2,790	(1,505)	1,285
			Other Comprehensive Income and Expenditure			
0	0	0	Change in Demographic Assumptions	0	0	0
0	(158)	(158)	Change in Financial Assumptions	405	0	405
0	(28)	(28)	Other Experience	0	0	0
0	(25)	(25)	Expected Return on Assets	0	(298)	(298)
0	(211)	(211)	Total Other Comprehensive Income and Expenditure	405	(298)	107
5,405	(3,224)	2,181	Total Comprehensive Income and Expenditure	3,195	(1,803)	1,392

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".

Re-stated 31 March 2016 £'000		Notes	31 March 2017 £'000
1,621	Property, plant and equipment	11	351
1,621	Long term assets		351
1,204	Short-term debtors	13	422
0	Provision for Bad Debts	14	(12)
41	Cash and cash equivalents	15	76
1,245	Current assets		486
(145)	Contributions and Grants Received in Advance		(93)
(1,102)	Short-term creditors	16	(399)
(1,247)	Current liabilities		(492)
(189)	Other long-term liabilities (Pensions)	18	(307)
(189)	Long-term liabilities		(307)
1,430	Net assets/ (liabilities)		38
	Financed by:		
0	Usable reserves	17	0
1,430	Unusable reserves	18	38
1,430	Total reserves		38

The unaudited financial statements were authorised for issue on the 23rd June 2017.

The audited financial statements were authorised for issue by the Treasurer on 22nd September 2017.

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.

31 March 2016 £'000	31 March 2016 £'000		31 March 2017 £'000	31 March 2017 £'000
		OPERATING ACTIVITIES		
(1,264)		Government Grants	(1,551)	
(171)		Constituent Council Requisitions	(200)	
1		Interest paid/ (received)	(1)	
(1,916)		Other receipts from operating activities	(520)	
	(3,350)	Cash inflows generated from operating activities		(2,272)
465		Cash paid to and on behalf of employees	384	
2,295		Cash paid to suppliers of goods and services	1,838	
	2,760	Cash outflows generated from operating activities		2,222
	(590)	Net cash flows from operating activities		(50)
		INVESTING ACTIVITIES		
633		Purchase of property, plant and equipment	15	
	633	Net cash flows from investing activities		15
		FINANCING ACTIVITIES		
0		Other receipts from financing activities	0	
	0	Net cash flows from financing activities		0
	43	Net(increase)/ decrease in cash and cash equivalents		(35)
	84	Cash and cash equivalents at the beginning of the reporting period		41
	41	Cash and cash equivalents at the end of the reporting period (Note 15)		76

The South East of Scotland Transport Partnership (SESTRAN)

1. STATEMENT OF ACCOUNTING POLICIES

1.1 Accounting Policies

The Annual Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice in the United Kingdom (the Code). This is to ensure that the Annual Accounts "present a true and fair view" of the financial position and transactions of the Partnership.

The Annual Accounts have been prepared on an historic cost basis, modified by the valuation of pension assets and liabilities and property, plant and equipment, where appropriate.

1.2 Revenue Expenditure

Revenue expenditure is that which does not yield benefit beyond the year of account. In broad terms the revenue expenditure of the Partnership can be divided into two categories:

- employees;
- day-to-day operating expenses, includes costs incurred in respect of furniture and fittings, and equipment.

1.3 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.

1.4 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.

1.5 Overheads

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

1.6 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.

1.7 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 South East of Scotland Transport Partnership (SESTRAN)

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.7 Employee Benefits (contd.)

Pensions (contd.)

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.

1.8 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;

Depreciation:

- Depreciation is provided on all Property, Plant and Equipment;
- The Partnership provides depreciation on its Property, Plant and Equipment from the month when it comes into use. 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.

The South East of Scotland Transport Partnership (SESTRAN)

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.9 Government Grants and Other Contributions

• Revenue

Revenue grants and other contributions have been included in the financial statements on an accruals basis.

Where such funds remain unapplied at the Balance Sheet date, but approval has been given to carry these funds forward to the next financial year, the funds have been accrued.

• Capital

Capital grants and contributions are recognised in the Comprehensive Income and Expenditure Statement, except to the extent there are conditions attached to them that have not been met.

Where there are no conditions attached to capital grants and contributions, these funds are a reconciling item in the Movement in Reserves Statement by way of an adjusting transaction with the capital adjustment account where expenditure has been incurred and the unapplied capital grants account, where expenditure has not been incurred.

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

1.10 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.

1.11 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.

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.

1.12 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.

The South East of Scotland Transport Partnership (SESTRAN)

1. STATEMENT OF ACCOUNTING POLICIES (Contd.)

1.13 Cash and Cash Equivalents

Cash and cash equivalents include:

- Credit and debit funds held in banks

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

The South East of Scotland Transport Partnership (SESTRAN)

2. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by the Partnership in comparison with those resources consumed or earned by the Partnership in accordance with general accounting practice. It also shows how this expenditure is allocated for decision making purposes between service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES) (see page 12).

Expenditure and Funding Analysis

	Net Expenditure Chargeable to the General Fund £'000	Adjustments £'000	Net Expenditure in the CIES £'000
2016/17			
Core	456	1,357	1,813
Projects	478	(79)	399
Net Cost of Services	934	1,278	2,212
Other Income and Expenditure			
Government grant	(782)		(782)
Constituent council requisitions	(151)		(151)
Interest received	(1)		(1)
Net pension interest cost		7	7
(Surplus) or deficit on the provision of services	0	1,285	1,285
Re-stated 2015/16			
Core	539	3,013	3,552
Projects	356	(633)	(277)
Net Cost of Services	895	2,380	3,275
Other Income and Expenditure			
Government grant	(782)		(782)
Constituent council requisitions	(113)		(113)
Interest paid			0
Net pension interest cost		12	12
(Surplus) or deficit on the provision of services	0	2,392	2,392

The South East of Scotland Transport Partnership (SESTRAN)

2. EXPENDITURE AND FUNDING ANALYSIS (Contd.)

Expenditure and Funding Analysis (contd)

2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts:

	Adjusts. For Capital Purposes £'000	Net Change for Pensions Adjusts. £'000	Other Differences £'000	Total Statutory Adjusts. £'000
2016/17				
Core	1,349	4	4	1,357
Projects	(79)			(79)
Net Cost of Services	1,270	4	4	1,278
Other Income and Expenditure				
Government Grant				0
Constituent council requisitions				0
Interest paid				0
Net pension interest cost		7		7
(Surplus) or deficit on the provision of services	1,270	11	4	1,285
Re-stated 2015/16				
Core	3,002	15	(4)	3,013
Projects	(633)			(633)
Net Cost of Services	2,369	15	(4)	2,380
Other Income and Expenditure				
Government Grant				0
Constituent council requisitions				0
Interest paid				0
Net pension interest cost		12		12
(Surplus) or deficit on the provision of services	2,369	27	(4)	2,392

- Adjustments for capital purposes include the removal of depreciation and impairment costs, and the inclusion of capital funded from current revenue.
- Net changes for pensions adjustment relates to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.
- Other differences relate to the reversal of the value of entitlement to accrued leave.

The South East of Scotland Transport Partnership (SESTRAN)

2. EXPENDITURE AND FUNDING ANALYSIS (Contd.)

2.2 Segmental Analysis of Income included in Expenditure and Funding Analysis

	Core £'000	Projects £'000	Total £'000
2016/17			
Expenditure			
Employee expenses	241	12	253
Other service expenses	216	983	1,199
Total Expenditure	457	995	1,452
Income			
Revenues from external customers	(1)	(52)	(53)
Government grants and other contribs.		(465)	(465)
Total Income	(1)	(517)	(518)
Net Cost of Services	456	478	934
	Core £'000	Projects £'000	Total £'000
2015/16			
Expenditure			
Employee expenses	269	3	272
Other service expenses	275	2,419	2,694
Total Expenditure	544	2,422	2,966
Income			
Revenues from external customers	(5)	(63)	(68)
Government grants and other contribs.		(2,003)	(2,003)
Total Income	(5)	(2,066)	(2,071)
Net Cost of Services	539	356	895

The South East of Scotland Transport Partnership (SESTRAN)

2. EXPENDITURE AND FUNDING ANALYSIS (Contd.)

2.3 Expenditure and Income Analysed by Nature

The Partnership's expenditure and income, as set out within the Comprehensive Income and Expenditure Statement is analysed as follows:

	31st March 2017 £'000	Re-stated 31st March 2016 £'000
Expenditure		
Employee expenses	261	284
Other service expenses	1,104	2,060
Depreciation, amortisation and impairment	1,364	3,002
Interest payments	61	59
Total Expenditure	2,790	5,405
Income		
Fees, charges and other service income	(53)	(68)
Interest and investment income	(54)	(47)
Income from constituent Councils	(151)	(113)
Government grants and other contributions	(1,247)	(2,785)
Total Income	(1,505)	(3,013)
(Surplus) or Deficit on the Provision of Services	1,285	2,392

3. 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 2017/18 Code:

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment Entities - Applying the Consolidation Exception (issued on 18 December 2014).

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

The South East of Scotland Transport Partnership (SESTRAN)

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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.

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

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 2017 for which there is a significant risk of material adjustment in the forth coming financial year are:

5.1 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 £216,000.

However, the assumptions interact in complex ways. During 2016/17, the Partnership's actuaries advised that the net pensions liability had increased by £118,000. This is as a result of a significant decrease in the net discount rate over this period, the negative impact of which has been at least partially offset by much greater than expected asset returns.

6. EVENTS AFTER THE BALANCE SHEET DATE

The Unaudited Annual Accounts were authorised for issue on 23 June 2017. 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 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Following the Local Government elections on 4th May 2017 and subsequent Board appointments to the Partnership Board by constituent councils, a new Partnership Board met on 11th August 2017 and agreed appointments for the Partnership chairperson, vice chair-persons and Committee appointments were agreed, following the procedure outlined in the Partnership's Standing Orders and the 2005 Membership Order.

There were no events which took place after 31st March 2017 which would materially affect the 2016/17 Annual Accounts.

The South East of Scotland Transport Partnership (SESTRAN)

7. 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.

2016/17	Usable Reserves	Unusable Reserves			
	General Fund Balance	Capital Adjustment Account	Accumulated Absence Account	Pension Reserve	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	1,364	(1,364)			(1,364)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Contributions credited to the CIES that have been applied to capital financing	(94)	94			94
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	63			(63)	(63)
Employer's pension contributions and direct payments to pensioners payable in the year	(52)			52	52
Adjustments primarily involving the Accumulated Absence Account					
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)
Total Adjustments	1,285	(1,270)	(4)	(11)	(1,285)

The South East of Scotland Transport Partnership (SESTRAN)

7. 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.

Re-stated 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
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	3,002	(3,002)			(3,002)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Contributions credited to the CIES that have been applied to capital financing	(633)	633			633
Adjustments primarily involving the Pensions Reserve					
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
Adjustments primarily involving the Accumulated Absence Account					
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
Total Adjustments	2,392	(2,369)	4	(27)	(2,392)

The South East of Scotland Transport Partnership (SESTRAN)

8. TRANSFERS TO/FROM EARMARKED RESERVES

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.

9. FINANCING AND INVESTMENT INCOME

	2016/17 £'000	2015/16 £'000
Interest income on plan assets	(54)	(47)
Pensions interest cost	61	59
	<hr/> 7	<hr/> 12

10. TAXATION AND NON SPECIFIC GRANT INCOMES

	2016/17 £'000	2015/16 £'000
Government Grant	(782)	(782)
Constituent Council Requisitions	(151)	(113)
	<hr/> (933)	<hr/> (895)

The South East of Scotland Transport Partnership (SESTRAN)

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Movements on balances:

Movements in 2016/17

Cost or Valuation	Vehicles Plant and Equipment £'000	Assets Under Construction £'000	Property Plant and Equipment £'000
At 1st April 2016	2,437	0	2,437
Additions	15	79	94
Impairment increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,918)	0	(1,918)
At 31st March 2017	534	79	613
Accumulated Depreciation			
At 1st April 2016	(816)	0	(816)
Depreciation charge	(64)	0	(64)
Depreciation written out to the Surplus/Deficit on the Provision of Services	618	0	618
At 31st March 2017	(262)	0	(262)
Net Book Value			
At 31st March 2017	272	79	351

The South East of Scotland Transport Partnership (SESTRAN)

11. PROPERTY, PLANT AND EQUIPMENT (Contd.)

11.2 Movements on balances:

Comparative Movements in 2015/16	Re-stated Vehicles Plant and Equipment £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000
Cost or Valuation			
At 1st April 2015	4,734	130	4,864
Additions	633	0	633
Impairment increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,060)	0	(3,060)
Other movements	130	(130)	0
At 31st March 2016	2,437	0	2,437
Accumulated Depreciation			
At 1st April 2015	(874)	0	(874)
Depreciation charge	(365)	0	(365)
Depreciation written out to the Surplus/Deficit on the Provision of Services	423	0	423
At 31st March 2016	(816)	0	(816)
Net Book Value			
At 31st March 2016	1,621	0	1,621

11.3 Depreciation

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

- Vehicles, plant and equipment: 4 - 5 years

The Partnership provides depreciation on its Property, Plant and Equipment from the month when it comes into use.

11.4 Capital Commitments

The Partnership is currently seeking bids for sustainable and active travel projects of value up to £200,000. A project, or projects will be determined by a panel, following receipt of bids. A further sum of £50,000 has been set aside to match fund bids to ERDF for the purchase of "interoperable" ticket machines , which also have the facility to produce RTPI, for the smaller bus operators.

The South East of Scotland Transport Partnership (SESTRAN)

12. FINANCIAL INSTRUMENTS

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

	Long-term		Current	
	31st March 2017 £'000	31st March 2016 £'000	31st March 2017 £'000	31st March 2016 £'000
Investments				
Loans and receivables	0	0	344	1,132
Borrowings				
Financial liabilities at amortised cost	0	0	331	984

12.2 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 2017		31 March 2016	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities				
Trade creditors	331	331	984	984
	31 March 2017		Re-stated 31 March 2016	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Assets				
Loans and receivables	160	160	904	904
Trade debtors	184	184	228	228
	344	344	1,132	1,132

13. DEBTORS

	31st March 2017 £'000	31st March 2016 £'000
Debtors:		
Central government bodies	0	768
Other local authorities	0	(3)
HM Customs and Excise - VAT	15	69
Other entities and individuals	407	370
	422	1,204

The South East of Scotland Transport Partnership (SESTRAN)

14. PROVISION FOR BAD DEBTS

	31st March 2017 £'000	31st March 2016 £'000
Cost or Valuation		
Opening Balance	0	0
Provision made during year	(12)	0
Closing Balance	(12)	0

15. CASH AND CASH EQUIVALENTS

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

	31st March 2017 £'000	31st March 2016 £'000
Bank accounts	76	41
	76	41

16. CREDITORS

	31st March 2017 £'000	31st March 2016 £'000
Central government bodies	0	(3)
Other local authorities	(77)	(116)
Other entities and individuals	(316)	(981)
Employee costs	(6)	(2)
	(399)	(1,102)

17. USABLE RESERVES

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

The South East of Scotland Transport Partnership (SESTRAN)

18. UNUSABLE RESERVES

		31st March 2017 £'000	Re-stated 31st March 2016 £'000
18.1	Capital Adjustment Account	351	1,621
18.2	Pension Reserve	(307)	(189)
18.3	Accumulated Absence Account	(6)	(2)
		<hr/> 38	<hr/> 1,430

18.1 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.

	2016/17 £'000	Re-stated 2015/16 £'000
Balance at 1st April	1,621	3,990
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	(1,364)	(3,002)
Net written out amount of the cost of non-current assets consumed in year	<hr/> 257	<hr/> 988
Capital financing applied in the year:		
· Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	94	633
Balance at 31st March	<hr/> 351	<hr/> 1,621

18.2 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)

18. UNUSABLE RESERVES (Contd.)

18.2 Pension Reserve (Contd.)

	2016/17 £'000	2015/16 £'000
Balance at 1st April	(189)	(373)
Remeasurements of the net defined benefit liability / (asset)	(107)	211
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.	(63)	(85)
Employer's pension contributions and direct payments to pensioners payable in the year.	52	58
Balance at 31st March	<u>(307)</u>	<u>(189)</u>

18.3 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.

	2016/17 £'000	2015/16 £'000
Balance at 1st April	(2)	(6)
Settlement or cancellation of accrual made at the end of the preceding year	2	6
Amounts accrued at the end of the current year	(6)	(2)
Balance at 31st March	<u>(6)</u>	<u>(2)</u>

19. MEMBERS EXPENSES

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

	2016/17 £'000	2015/16 £'000
Expenses	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

The South East of Scotland Transport Partnership (SESTRAN)

20. 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:

	2016/17 £'000	2015/16 £'000
Fees payable in respect of:		
· external audit services carried out by the appointed auditor for the year	10	9
	<u>10</u>	<u>9</u>

21. GRANT INCOME

The Partnership credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:

	2016/17 £'000	Re-stated 2015/16 £'000
Credited to Taxation and Non Specific Grant Income		
Scottish Government - Revenue Grant	(782)	(782)
Constituent Council Requisitions (Note 22.3)	(151)	(113)
	<u>(933)</u>	<u>(895)</u>
Credited to Services		
EU Grant - CHUMS	(6)	(27)
EU Grant - NWE Ride	0	(5)
EU Grant - Social Car	(26)	(14)
EU Grant - Regio Mob	(36)	0
EU Grant - Sharenorth	(11)	0
EU Grant - RTPI	(32)	0
Bus Investment Fund Grant - RTPI	0	(768)
Contribution - City of Edinburgh Council	(4)	(8)
Contribution - Fife Council	(1)	(2)
Contribution - East Lothian Council	0	(468)
Contribution - Scottish Borders Council	(1)	(468)
Contribution - Perth & Kinross Council	0	(2)
Contribution - West Lothian Council	0	(14)
Contribution - Sustrans	(83)	(94)
Contribution - Hitrans	(2)	(1)
Contribution - Nestrans	(3)	(3)
	<u>(205)</u>	<u>(1,874)</u>

The South East of Scotland Transport Partnership (SESTRAN)

22. RELATED PARTIES

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.

22.1 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 21.

22.2 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 2016-17 is shown in Note 19.

22.3 Other Parties

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

	2016/17 £'000	2015/16 £'000
· Revenue Expenditure - Support Services		
City of Edinburgh Council - Financial Services	23	23
Falkirk Council - HR Services	2	0
Fife Council - Clerking/ Legal Services	27	20
	<hr/> 52	<hr/> 43
Revenue Expenditure - Other		
City of Edinburgh Council	9	22
City of York Council	12	0
Clackmannanshire Council	0	10
East Lothian Council	4	111
Edinburgh and Lothians Greenspace Trust	86	0
Falkirk Council	0	5
Midlothian Council	25	0
Scottish Borders Council	5	3
Scottish Government	17	3
West Lothian Council	2	25
	<hr/> 160	<hr/> 179

The South East of Scotland Transport Partnership (SESTRAN)

22. RELATED PARTIES (Contd.)

22.3 Other Parties (contd.)

	2016/17 £'000	Re-stated 2015/16 £'000
· Revenue Income - Requisitions		
Clackmannanshire Council	(5)	(4)
East Lothian Council	(10)	(7)
City of Edinburgh Council	(49)	(36)
Falkirk Council	(15)	(11)
Fife Council	(36)	(27)
Midlothian Council	(8)	(6)
Scottish Borders Council	(11)	(9)
West Lothian Council	(17)	(13)
	<u>(151)</u>	<u>(113)</u>
· Revenue Income - Interest on Revenue Balances		
City of Edinburgh Council	(1)	0
	<u>(1)</u>	<u>0</u>
· Revenue Income - Other		
Scottish Government	0	(768)
Constituent Councils	(87)	(29)
City of Edinburgh Council	(4)	(8)
East Lothian Council	0	(468)
Fife Council	(1)	(2)
Perth and Kinross Council	0	(2)
Scottish Borders Council	(1)	(468)
West Lothian Council	0	(14)
	<u>(93)</u>	<u>(1,759)</u>

The South East of Scotland Transport Partnership (SESTRAN)

22. RELATED PARTIES (Contd.)

22.3 Other Parties (contd.)

The following represents amounts due to/ (from) the Partnership at 31 March 2017, with its related parties.

CREDITORS	2016/17 £'000	2015/16 £'000
· Creditors - Related Parties (Revenue Grants)		
Clackmannanshire Council	0	(10)
City of Edinburgh Council	(4)	(10)
East Lothian Council	(5)	(25)
Midlothian Council	(25)	0
Scottish Borders Council	(5)	(3)
West Lothian Council	0	(25)
	<u>(39)</u>	<u>(73)</u>
· Creditors - Related Parties (Other)		
City of Edinburgh Council	(25)	(23)
Edinburgh and Lothians Greenspace Trust	(86)	0
Falkirk Council	(2)	0
Fife Council	(14)	(20)
Constituent Councils	(49)	(87)
Scottish Government	0	(3)
	<u>(176)</u>	<u>(133)</u>
· Creditors - Other Parties	<u>(277)</u>	<u>(983)</u>
Total Creditors	<u>(492)</u>	<u>(1,189)</u>
DEBTORS		
· Debtors - Related Parties (Revenue Grants/ Other)		
East Lothian Council	0	94
Scottish Borders Council	1	94
Scottish Government	0	768
West Lothian Council	0	14
	<u>1</u>	<u>970</u>
· Debtors - Other Parties	<u>421</u>	<u>176</u>
Total Debtors	<u>422</u>	<u>1,146</u>

The South East of Scotland Transport Partnership (SESTRAN)

23. LEASES

Operating Leases

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'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 2017/18.

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 2016/17 was £69,000 (2015/16 £66,000)

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

	2016/17 £'000	2015/16 £'000
· Not later than 1 year	40	41
· Later than 1 year not later than 5 years	0	0
· Later than 5 years	0	0
	<hr/> 40	<hr/> 41

The Partnership has no other material operational leases.

24. DEFINED BENEFIT PENSION SCHEMES

24.1 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)

24. DEFINED BENEFIT PENSION SCHEMES (Contd.)

24.2 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:

	2016/17 £000	2016/17 £000	2015/16 £000	2015/16 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	56		73	
Past service costs	<u>0</u>		<u>0</u>	
		56		73
<i>Financing and investment income:</i>				
Net interest expense		<u>7</u>		<u>12</u>
Total post employee benefit charged to the surplus on the provision of services		63		85
<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.	(298)		-25	
Actuarial gains and (losses) arising on changes in financial assumptions	405		-158	
Actuarial gains and (losses) arising on changes in demographic assumptions	0		0	
Other experience	<u>0</u>		<u>(28)</u>	
		<u>107</u>		<u>(211)</u>
Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement		<u>170</u>		<u>(126)</u>
Movement in Reserves Statement				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		<u>-118</u>		<u>184</u>
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to the scheme		52		58
		<u>52</u>		<u>58</u>

The South East of Scotland Transport Partnership (SESTRAN)

24. DEFINED BENEFIT PENSION SCHEMES (Contd.)

24.3 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:

	2016/17 £'000	2015/16 £'000
Fair value of employer assets	1,913	1,551
Present value of funded liabilities	(2,220)	(1,740)
Present value of unfunded liabilities	0	0
Net liability arising from defined benefit obligation	(307)	(189)

24.4 Reconciliation of the Movements in the Fair Value of Scheme Assets

	2016/17 £'000	2015/16 £'000
Opening fair value of scheme assets	1,551	1,457
Interest income	54	47
Remeasurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	298	25
Contributions from employer	52	58
Contributions from employees into the scheme	15	19
Benefits paid	(57)	(55)
Unfunded benefits paid		
Closing fair value of scheme assets	1,913	1,551

Reconciliation of Present Value of the Scheme Liabilities

	2016/17 £'000	2015/16 £'000
Present value of funded liabilities	(1,740)	(1,830)
Present value of unfunded liabilities	0	0
Opening balance at 1st April	(1,740)	(1,830)
Current service cost	(56)	(73)
Interest cost	(61)	(59)
Contributions from employees into the scheme	(15)	(19)
Remeasurement gain / (loss):		
Change in demographic assumptions	0	0
Change in financial assumptions	(405)	158
Other experience	0	28
Past service cost	0	0
Benefits paid	57	55
Unfunded benefits paid	0	0
Closing balance at 31st March	(2,220)	(1,740)

The South East of Scotland Transport Partnership (SESTRAN)

24. DEFINED BENEFIT PENSION SCHEMES (Contd.)

24.5 Fair Value of Employer Assets

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

	2016/17 £'000	%	2015/16 £'000	%
Equity Securities:				
Consumer *	287	15	236	15
Manufacturing *	290	15	183	12
Energy and Utilities *	142	7	123	8
Financial Institutions *	134	7	131	8
Health and Care *	112	6	103	7
Information technology *	95	5	93	6
Other *	132	7	89	6
Sub-total Equity Securities	1,191		959	
Debt Securities:				
Corporate Bonds (investment grade) *			0	0
Corporate Bonds (non-investment grade) *			0	0
UK Government *	192	10	100	6
Other *	4	0	39	3
Sub-total Debt Securities	196		139	
Private Equity:				
All *	2	0	17	1
All	60	3	50	3
Sub-total Private Equity	62		68	
Real Estate:				
UK Property	129	7	133	9
Overseas Property	0	0	0	0
Sub-total Real Estate	129		133	
Investment Funds and Unit Trusts:				
Equities *			0	0
Equities			0	0
Bonds *	28	2	4	0
Bonds			8	1
Commodities *	6	0	4	0
Commodities			0	0
Infrastructure *			9	1
Infrastructure	171	9	95	6
Other *			0	0
Other	41	2	37	2
Sub-total Investment Funds and Unit Trusts	246		157	
Derivatives:				
Foreign Exchange *	0	0	0	0
Sub-total Derivatives	0		0	
Cash and Cash Equivalents				
All *	89	5	96	6
Sub-total Cash and Cash Equivalents	89		96	
Total Fair Value of Employer Assets	1,913		1,551	

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

The South East of Scotland Transport Partnership (SESTRAN)

24. DEFINED BENEFIT PENSION SCHEMES (Contd.)

24.6 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:

	2016/17	2015/16
Long term expected rate of return on assets in the scheme:		
· Equity investments	22.6%	4.9%
· Bonds	22.6%	4.9%
· Property	22.6%	4.9%
· Cash	22.6%	4.9%
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	2.4%	2.2%
Salary increase rate (see below)	4.4%	4.2%
Discount rate	2.6%	3.5%

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 2017 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 2017	Approximate % Increase to Employer	Approximate Monetary Amount £'000
0.5% decrease in Real Discount Rate	10.0%	216
0.5% increase in the Salary Increase Rate	2.0%	44
0.5% increase in the Pension Increase Rate	8.0%	168

The South East of Scotland Transport Partnership (SESTRAN)

24. DEFINED BENEFIT PENSION SCHEMES (Contd.)

24.7 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2018

	Assets £000	Obligations £000	Net (liability) / asset £000	% of pay
Current service cost	0	(76)	(76)	(33.3%)
Past service cost including curtailments	0	0	0	0.0%
Effect of settlements	0	0	0	0.0%
Total Service Cost	0	(76)	(76)	(33.3%)
Interest income on plan assets	50	0	50	21.9%
Interest cost on defined benefit obligation	0	(58)	(58)	(25.4%)
Total Net Interest Cost	50	(58)	(8)	(3.5%)
Total included in Profit or Loss	50	(134)	(84)	(36.8%)

SESTRAN's estimated contribution to Lothian Pension Fund for 2017/18 is £53,000.

25. 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
- 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)

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

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 2017, the Partnership had financial assets of £53,000 subject to foreign exchange risk. The foreign exchange loss or gain on these financial assets cannot be determined until 2017/18, when the Partnership is in receipt of the related grant income from the European Regional Development Fund. The Partnership has no financial liabilities denominated in foreign currencies.

26. SESTRAN Limited

The Partnership incorporated a wholly-owned limited company - SESTRAN Limited - on 22 January 2010. The company did not commence the provision of services and had no transactions to record for the purposes of preparing Group Accounts. Following approval by the Partnership Board on 23rd September 2016, the company was dissolved on 6 June 2017.

The South East of Scotland Transport Partnership (SESTRAN)

27. PRIOR PERIOD ADJUSTMENTS

Correction of Long Term Assets Valuation

The Partnership has undertaken an Impairment Review on assets which provide the Real-Time Passenger information system (RTPI). Prior year's Long Term Assets have been re-stated to reflect the impairment of RTPI ICT equipment, screens and development costs.

All adjustments have been reported through the 2016/16 annual accounts.

The impact of these adjustments on the main financial statements were as follows:-

	2015/16 Statements £000s	Impairment £000s	Depreciation £000s	2015/16 Re-stated £000s
<u>Movement in Reserves Statement</u>				
Total Comprehensive Expenditure and Income	-86	-2,637	542	-2,181
Balance as at 31 March 2016	3,525	-2,637	542	1,430
<u>Comprehensive Income and Expenditure Statement</u>				
Cost of Services	1,180	2,637	-542	3,275
(Surplus) or Deficit on Provision of Services	297	2,637	-542	2,392
Total Comprehensive Expenditure and Income	86	2,637	-542	2,181
<u>Balance Sheet</u>				
Long Term Assets	3,716	-2,637	542	1,621
Net Assets/ (liabilities)	3,525	-2,637	542	1,430
Unusable Reserves	-3,525	2,637	-542	-1,430
Total Reserves	-3,525	2,637	-542	-1,430

Further adjustments were made to notes 2, 7, 11 and 18 of the annual accounts.

The South East of Scotland Transport Partnership (SESTRAN)

INDEPENDENT AUDITOR'S REPORT

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

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 120 of the Code of Audit Practice approved by the Accounts Commission, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of South East of Scotland Transport Partnership for the year ended 31 March 2017 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 notes to the financial statements, including a summary of significant accounting policies. 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 2016/17 (the 2016/17 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of South East of Scotland Transport Partnership as at 31 March 2017 and of its deficit on the provision of services 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 2016/17 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.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of South East of Scotland Transport Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Treasurer for the financial statements

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. 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 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.

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual accounts

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK&I), our responsibility is to 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The South East of Scotland Transport Partnership (SESTRAN)

INDEPENDENT AUDITOR'S REPORT (Contd.)

Report on other requirements

Opinions on other prescribed matters

We are required by the Accounts Commission to express an opinion on the following matters.

In our opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Karen Jones

For and on behalf of Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: _____

FINANCE OFFICER'S REPORT

1. INTRODUCTION

- 1.1 The purpose of this report is to present the first update on financial performance of the core revenue budget of the Partnership for 2017/18, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of August 2017.
- 1.2 This report includes details of the cash flow position of the Partnership in respect of its' net lending to and borrowing from the City of Edinburgh Council.

2. CORE REVENUE BUDGET 2017/2018

- 2.1 The Partnership's core revenue budget for 2017/18 was approved by the Partnership Board on 2nd March 2017. The core budget provides for the day-to-day running costs of the Partnership including employee costs, premises costs, supplies and services. The Board approved net expenditure of £478,000 on 2nd March 2017. Details of the Partnership's core budget are provided in **Appendix 1** to this report.
- 2.2 Cumulative expenditure for the five months to 31st August 2017 was £215,000. This exceeded the core budget resources available for the period by £13,000 and was mainly attributable to under recovery of staff costs recharged to EU Projects. This under-recovery will be addressed in the remainder of the year, as workload on projects is scheduled to increase.
- 2.3 All expenditure estimates have been updated to reflect current expenditure commitments and it is projected that expenditure for the year will be within the budget for 2017/18. Following review of the Partnership's staffing structure, two posts will be directly funded through the Projects budget. Under the Partnership's Scheme of Delegation, a budget transfer of £10,000 from the Projects budget has been made to reflect this funding arrangement.

BALANCES

- 2.4 The Partnership holds a balance of £49,000 as a result of the underspend on the 2016/17 budget. The Partnership Board approved on 2nd March 2017 that this underspend should be utilised as funding for the Sustainable and Active Travel Grant Scheme. It is anticipated these funds will be fully spent in 2017/18.

CASH FLOW

- 2.5 As previously noted at Partnership Board meetings, the Partnership maintains its bank account as part of the City of Edinburgh Council's group of bank accounts. Cash balances are effectively lent to the Council, but are offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Partnership. Interest is given on month end net indebtedness balances between the Council and the Partnership.

An update of month-end balances is shown in the following table:

Date	Net Balance due to SESTran (+ve) /due by SESTran (-ve)
	£
30 April 2017	+313,706.53
31 May 2017	+460,978.65
30 June 2017	+605,101.26
31 July 2017	+380,077.63
31 August 2017	+481,407.89

- 2.6** Interest is charged/paid on the month end net indebtedness balances between the Council and the Board. Interest will be calculated in March 2018.
- 2.7** The positive cash flow in the first half of 2017/18 is attributable to funding received in advance, mainly from the Scottish Government grant, Councils requisitions and EU funding in respect of the Social Car project.

3. RECOMMENDATIONS

It is recommended that the Partnership Board notes:-

- 3.1** it is currently forecast that core expenditure in 2017/18 will break even against the revenue budget of the Partnership;
- 3.2** all income and expenditure will continue to be monitored closely with updates reported to each Partnership meeting;
- 3.3** the month end balance of indebtedness between the Partnership and City of Edinburgh Council and the reason for these balances identified at paragraph 2.7.

HUGH DUNN
Treasurer
September 2017

Appendix Appendix 1 – Core Budget Statement at 31st August 2017

Contact/tel Craig Beattie, Tel: 0131 469 3222
(craig.beattie@edinburgh.gov.uk)

Policy Implications	There are no policy implications arising as a result of this report.
Financial Implications	There are no financial implications arising - the contents of this report point towards a break-even position on the core budget outturn for 2017/18.
Equalities Implications	There are no equalities implications arising as a result of this report.
Climate Change Implications	There are no climate change implications arising as a result of this report.

Core Budget 2017/18 – as at 31st August 2017
Appendix 1

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	304	126	134	327	23
National Insurance	31	13	14	34	3
Pension Fund	46	19	17	51	5
Recharges – Projects **	(127)	(52)	(28)	(137)	(10)
Training & Conferences	10	5	4	13	3
Interviews & Advertising	2	0	0	0	(2)
	266	111	141	288	22
Premises Costs					
Office Accommodation	16	4	4	16	0
	16	4	4	16	0
Transport					
Staff Travel	9	4	2	7	(2)
Supplies and Services					
Marketing	20	8	2	20	0
Communications & Computing	90	65	75	94	4
Printing, Stationery & General Office Supplies	10	4	1	3	(7)
Insurance	4	0	0	4	0
Equipment, Furniture & Materials	1	0	0	1	0
Miscellaneous Expenses	11	5	(10)	(3)	(14)
	136	82	68	119	(17)
Support Services					
Finance	25	0	0	25	0
Legal Services / HR	7	0	0	7	0
	32	0	0	32	0
Corporate & Democratic					
Clerks Fees	15	0	0	15	0
External Audit Fees	10	0	0	10	0
Members Allowances and Expenses	3	1	0	1	(2)
	28	1	0	26	(2)
Interest - Paid/ (Received)	1	0	0	0	(1)
Total Expenditure	488	202	215	488	0
Funding:					
Scottish Government Grant	(288)	(132)	(132)	(288)	0
Council Requisitions	(190)	(190)	(190)	(190)	0
Total Funding	(478)	(322)	(322)	(478)	0
Net Expenditure/ (Income)	10	(120)	(107)	10	0

** A budget transfer of £10,000 from the Projects budget has been made under the Partnership's Scheme of Delegation.



South East of Scotland Transport Partnership

2016/17 Annual Audit Report to members of
South East of Scotland Transport Partnership
and the Controller of Audit

September 2017

Contents

Key messages.....	1
Introduction.....	3
Annual accounts.....	5
Financial sustainability	11
Appendix 1: Management action plan	15
Appendix 2: Respective responsibilities of the Partnership and the Auditor ...	19

Key messages

Annual accounts

South East of Scotland Transport Partnership annual accounts for the year ended 31 March 2017 are due to be approved by the Partnership on 22 September 2017.

We intend to report within our independent auditor's report an unqualified opinion on the annual accounts and on other prescribed matters and that there are no matters which we are required to report by exception.

Our thanks go to management and staff for their assistance with our work.

Wider scope

As outlined in our External Audit Plan, our annual audit work in respect of our wider scope audit responsibilities was restricted to:

- Audit work to allow conclusions to be made on the appropriateness of the disclosures in the Annual Governance Statement; and
- Consideration of the financial sustainability of the organisation and the services that it delivers over the medium and longer term.

Our conclusions are set out below:

Governance statement

- We have reviewed the Annual Governance Statement and have found that it is consistent with the accounts and has been prepared in accordance with Delivering Good Governance in Local Government: Framework (2016).
- The Partnership has adequate systems in place to record, process, summarise and report financial and other relevant data. We have not identified any significant weaknesses or governance issues in the Partnership's accounting and internal control systems.

Financial sustainability

- The Partnership has arrangements in place for short term (1 year) financial planning, with budgets aligned to its annual business plan and regional transport strategy. However, the Partnership does not prepare medium to long-term financial plans due to the uncertainty over future funding allocations.

Conclusion

This report concludes our audit for 2016/17. Our work has been performed in accordance with the Audit Scotland Code of Audit Practice, International

Key facts

- The Partnership spent £2.729million on the delivery of services in 2016/17.
- The Partnership achieved a breakeven position in 2016/17.
- The Partnership has approved a balanced budget for 2017/18.

Standards on Auditing (UK and Ireland) and Ethical Standards.

Scott-Moncrieff
September 2017



Introduction

Introduction

1. This report summarises the findings from our 2016/17 audit of the South East of Scotland Transport Partnership (“the Partnership”). The scope of our audit was set out in our External Audit Plan which was presented to the Partnership in March 2017.
2. The core elements of our audit work in 2016/17 have been:
 - an audit of the 2016/17 annual accounts; and
 - consideration of the Partnership’s arrangements for securing financial sustainability.
3. The Partnership is responsible for preparing annual accounts that show a true and fair view and for implementing appropriate internal control systems. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work, and may not be all that exist. Communication in this report of matters arising from the audit of the annual accounts or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
4. This report contains an action plan with specific recommendations, responsible officers and dates for implementation. Senior management should assess these recommendations and consider their wider implications before deciding appropriate actions. We give each recommendation a grading to help the Partnership assess their significance and prioritise the actions required.
5. We would like to thank management and staff who have been involved in our work for their co-operation and assistance during our audit work.
6. All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Partnership through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Partnership promote improved standards of governance, better management and decision-making and more effective use of resources.
7. This report is addressed to both the Partnership and the Controller of Audit and will be published on Audit Scotland’s website. www.audit-scotland.gov.uk.
8. We welcome any comments you may have on the quality of our work and this report via: www.surveymonkey.co.uk/r/S2SPZBX.

Adding value through the audit

6. All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Partnership through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the



Annual accounts

Annual accounts

9. The Partnership's annual accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources. The respective responsibilities of the Partnership and the auditor in relation to the annual accounts are outlined in Appendix 2.
10. In this section we summarise the findings from our audit of the 2016/17 annual accounts.

An unqualified audit opinion on the annual accounts

11. The annual accounts for the year ended 31 March 2017 are due to be approved by the Partnership on 22 September 2017. We intend to report, within our independent auditor's report:
- an unqualified opinion on the annual accounts; and
 - an unqualified audit opinion on other prescribed matters.

Adequate administrative processes were in place

12. We received draft annual accounts and supporting papers of an adequate standard, in line with our agreed audit timetable. Our thanks go to management and staff at the Partnership and City of Edinburgh Council for their assistance.

Our assessment of risks of material misstatement

13. The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. Our audit procedures relating to these matters were designed in the context of our audit of the annual accounts as a whole, and not express an opinion on individual accounts or disclosures. Our opinion on the annual accounts is not modified with respect to any of the risks described in Exhibit 1 below.

Exhibit 1: Our assessment of risks of material misstatement and how the scope of our audit responded to those risks

1. Revenue recognition

Under ISA 240 - *The auditor's responsibilities relating to fraud in an audit of financial statements* there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the Partnership could adopt accounting policies or recognise revenue transactions in such a way as to lead to a material misstatement in the reported financial position.

Excerpt from the 2016/17 External Audit Plan

14. We have gained reasonable assurance on the completeness and occurrence of income and we are satisfied that income is fairly stated in the annual accounts. To inform our conclusion we evaluated the Partnership's key revenue streams and reviewed the controls in place over revenue accounting. We also carried out testing to confirm that the revenue recognition policy is appropriate and it was consistently applied throughout the year.

Exhibit 1: Our assessment of risks of material misstatement and how the scope of our audit responded to those risks

2. Management override

In any organisation, there exists a risk that management have the ability to process transactions or make adjustments to the financial records outside the normal financial control processes. Such issues could lead to a material misstatement in the annual accounts. This is treated as a presumed risk area in accordance with ISA 240 - The auditor's responsibilities relating to fraud in an audit of financial statements.

Excerpt from the 2016/17 External Audit Plan

15. We have not identified any indications of management override in the year. We have reviewed the Partnership's accounting records, obtained evidence to ensure that any significant transactions outside the normal course of business were valid and accounted for correctly. We have also reviewed the journal entries processed in the period and around the year-end.
16. During our review of the financial controls processes however, we did note a lack of segregation of duties in respect of the posting of journals. Journals are prepared and posted without any evidence of secondary review or authorisation. While our audit work did not identify any indications of management override, we recommend that a review process is put in place over the preparation and posting of journals to the ledger.

Action plan point 1

Our application of materiality

17. The assessment of what is material is a matter of professional judgement and involves considering both the amount and the nature of the misstatement. This means that different materiality levels will be applied to different elements of the annual accounts.
18. Our initial assessment of materiality for the annual accounts was £34,000. We revised our assessment following receipt of the unaudited annual accounts to £26,000 and it remained at this level throughout our audit. Our assessment of materiality equates to approximately 1% of the Partnership's expenditure. We consider this to be a principal consideration for the users of the accounts when assessing the performance of the Partnership.
19. We set a performance materiality for each area of work based on a risk assessment for the area and percentage application of overall materiality. We then perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we are performing a greater level of testing on the areas deemed

to be of significant risk of material misstatement. Performance testing thresholds used are set out in the table below

Area risk assessment	Weighting	Performance materiality
High	45%	£11,700
Medium	55%	£14,300
Low	70%	£18,200

20. We agreed with the Partnership that we would report all audit differences in excess of 5% of the overall materiality figure, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We would also report to the Partnership on disclosure matters that we identified when assessing the overall presentation of the annual accounts.

Audit differences

21. We identified three material adjustments to the annual accounts. These have been discussed

with management and are detailed within an appendix to the letter of representation. The letter covers a number of issues and we have requested that it be presented to us at the date of signing the annual accounts.

22. We additionally identified some disclosure and presentational adjustments during our audit, which have been reflected in the final set of accounts.

An overview of the scope of our audit

23. The scope of our audit was detailed in our External Audit Plan, which was presented to the Partnership in March 2017. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Partnership. This ensures that our audit focuses on the areas of highest risk. Planning is a continuous process and our audit plan is subject to review during the course of the audit to take account of developments that arise.
24. At the planning stage we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.
25. Our standard audit approach is based on performing a review of the key financial systems in place, substantive tests and detailed analytical review. Tailored audit procedures, including those designed to address significant risks, were completed by the audit fieldwork team and the results were reviewed by the audit management team. In performing our work, we have applied the concept of materiality, which is explained earlier in this report.

Legality

26. We planned and performed our audit recognising that non-compliance with statute or regulations may materially impact on the annual accounts. Our audit procedures include the following:
 - Reviewing minutes of relevant meetings;
 - Enquiring of senior management and the Partnership's solicitors the position in relation to litigation, claims and assessments; and
 - Performing detailed testing of transactions and balances.

27. We are pleased to report that we did not identify any instances of concern with regard to the legality of transactions or events.

Other matters identified during our audit

28. During the course of our audit we noted the following:

Property, plant and equipment

29. In the unaudited annual accounts, the Partnership disclosed an impairment of £0.196million (in 2016/17). Following a full impairment review on assets which provide the Real-Time Passenger Information system, the Partnership's long-term assets were restated to reflect the impairment of RTPI ICT Equipment, Screens and development costs.
30. This adjustment resulted in a £2.095million decrease in Property, Plant and Equipment value as at 31 March 2016. A further adjustment was made to impair asset balances as at 31 March 2017 which increased the original gross impairment of £0.196million to £1.918million.

The Local Authority Accounts (Scotland) Regulations 2014

31. As part of our audit, we reviewed the Partnership's compliance with the Local Authority Accounts (Scotland) Regulations 2014, in particular with respect to regulations 8 to 10¹ as they relate to the annual accounts. Overall, we concluded that appropriate arrangements are in place to comply with these Regulations.

Management commentary

32. We are satisfied that the information given in the management commentary is consistent with the accounts and has been prepared in accordance with the statutory guidance issued under the Local Government Scotland Act 2003.

Remuneration report

33. Our independent auditor's report confirms that the part of the remuneration report to be audited has been properly prepared in

¹ Regulations 8 to 10 relates to the preparation and publication of unaudited accounts, notice of public right to inspect and object to the accounts and consideration and signing of the audited accounts.

accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Annual governance statement

- 34. The Treasurer of the Partnership has confirmed that in their opinion, reasonable assurance can be placed upon the adequacy and effectiveness of the systems of internal financial control.
- 35. We have reviewed the annual governance statement and have found that it is consistent with the accounts and has been prepared in accordance with Delivering Good Governance in Local Government: Framework (2016).

Internal audit

- 36. The Partnership's internal audit function is provided by City of Edinburgh Council's Internal Audit service. We have taken cognisance of the work of internal audit in forming our opinion on the appropriateness of the disclosures in the annual governance statement.

Accounting and internal control systems

- 37. The Partnership has adequate systems in place to record, process, summarise and report financial and other relevant data. While we have not identified any significant weaknesses or governance issues in the accounting and internal control systems, we did identify four areas for improvement during our final audit. We outline the issues identified and our recommendations at Appendix 1.

Action plan points 2-5

Qualitative aspects of accounting practices and financial reporting

- 38. We have considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the annual accounts. Our findings are summarised in the following table:

Qualitative aspect considered	Audit conclusion
The appropriateness of the accounting policies used.	The accounting policies, which are disclosed in the annual accounts, are considered appropriate to the Partnership.
The timing of the transactions and the period in which they are recorded.	We did not identify any concerns over the timing of transactions or the period in which they were recognised.
The appropriateness of the accounting estimates and judgements used.	We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the annual accounts. Estimates have been made in relation to property, plant and equipment and pensions. We consider the estimates made, and the related disclosures, to be appropriate to the Partnership.
The potential effect on the annual accounts of any uncertainties, including significant risks and related disclosures that are required.	We have not identified any uncertainties, including any significant risk or required disclosures, which should be included in the annual accounts.
The extent to which the annual accounts have been affected by unusual transactions during the period and the extent that these transactions are separately disclosed.	From the testing performed, we identified no significant unusual transactions in the period.
Apparent misstatements in the management commentary or material inconsistencies with the annual accounts.	The management commentary contains no material misstatements or inconsistencies with the accounts.
Any significant annual accounts disclosures to bring to your attention.	There are no significant annual accounts disclosures that we consider should be brought to your attention. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately.
Disagreement over any accounting treatment or annual accounts disclosure.	While disclosure and presentational adjustments were made during the audit process there was no material disagreement during the course of the audit over any accounting treatment or disclosure.
Difficulties encountered in the audit.	There were no significant difficulties encountered during the audit. However, as noted in paragraphs 29 and 30, a prior year restatement was required.



Financial sustainability

Financial sustainability

39. Financial sustainability looks forward to the medium and longer term to consider whether the Partnership is planning effectively to continue to deliver its services or the way in which they should be delivered.

allocations and therefore has not prepared medium or long term financial plans. It is the Partnership's intention to develop a revenue budget proposal for 2018/19 in the autumn of 2017.

Overall Conclusion

40. The Partnership has effective arrangements in place for short term (1 year) financial planning. Annual business plans are aligned to the annual budget and focus on the objectives as outlined in the Regional Transport Strategy.
41. The Partnership has recognised that there is a high degree of uncertainty over future budget

Key audit risk

42. As outlined in our audit plan, we considered there to be a significant risk to the wider scope of our audit in relation to financial sustainability:

Exhibit 2: Key audit risk: financial sustainability

Financial sustainability

The Partnership has produced a Regional Transport Strategy 2015-2025 and a supporting Business Plan 2016/17. The Strategy sets out the long-term objectives of the Partnership, but revenue funding is generally only confirmed for the forthcoming financial year. This therefore challenges the Partnership's long-term financial sustainability and the ability to agree detailed long-term plans and objectives. There is therefore a risk that there is a disconnect between medium and long-term objectives and the associated budgets.

In addition, the Partnership is currently undertaking three projects which receive European funding and is planning to apply for funding for an additional four projects. Given the UK's decision to leave the European Union, there is a risk that the Partnership will lose access to this key funding source, which may impact on the delivery of key projects and the achievement of objectives.

During our audit we will consider whether the Partnership has adequate arrangements in place for managing its financial position and its use of resources. Our conclusion will be based on a review of the Partnership's financial performance, underlying financial position, financial plans, financial reporting and achievement of savings targets.

Excerpt from the 2016/17 External Audit Plan

43. The Partnership has set a balanced budget for 2017/18. This is based on a reduction of budgeted income in 2017/18 of 18% reducing from £1.620million to £1.327million. The Partnership's budget is funded through Scottish Government funding of £0.782million and Council requisitions of £0.190million alongside external funding from EU grants and other sources of £0.355million.
44. The reduction in income for 2017/18 has been offset by a reduction in core staff costs of £0.078million and a reduction in project costs of £0.215million.
45. The levels of European Funding have reduced to £0.095million, a reduction of 37.5% against the prior year budget. The Partnership has recognised the risk of achieving European funding following the decision to leave the European Union and are exploring options for alternative funding. There is an ongoing risk that if the European funding was not received and alternative funds were not identified the projects would not be able to go ahead.

Exhibit 2: Key audit risk: financial sustainability

46. Although the Partnership has a long term strategy, it is not linked to financial information. The budget information prepared by the Partnership focuses on the coming financial year with no forecasts beyond 31 March 2018. There is therefore a risk that short term needs are prioritised over the long term objectives of the Partnership.

Action Plan point 6

The Partnership's financial performance in 2016/17

47. The Comprehensive Income and Expenditure Statement for 2016/17 shows that the Partnership spent £2.729million on the delivery of services, resulting in an accounting deficit of £1.285million. However, the accounting deficit includes certain elements of income and expenditure that need to be accounted for to comply with the Code of Practice on Local Authority Accounting in the United Kingdom

(the 2016/17 Code), and which are subsequently adjusted to show their impact on reserves.

48. Taking account of these adjustments, the Partnership reported a breakeven position.

2016/17 outturn position

49. The Partnership reduced expenditure in year on both core service and revenue projects which resulted in a £0.168million underspend against budget. This was matched by a reduction in the income giving an overall breakeven position.

Exhibit 2: Revenue performance against budget

	Revised Budget £'000	Actual £'000	Variance £'000
Core	550	457	(93)
Projects	1,069	995	(74)
Interest	1	-	(1)
Total Expenditure	1,620	1,452	(168)
Government grant	(782)	(782)	-
Constituent council requisitions	(200)	(151)	49
Other income	(638)	(519)	119
Total Income	(1,620)	(1,452)	168
Total	-	-	-

Source: Annual accounts for the year ended 31 March 2017

50. The reduction in core service expenditure was mainly due to a reduction in staff costs £0.095million, relating to vacant posts within the year. The revenue projects net expenditure was £0.258million which was an underspend of £0.002million against budget.
51. The Partnership recorded an underspend of £0.049million against constituent council requisitions for 2016/17. At the Partnership meeting on 2 March 2017 the Partnership approved the carry forward of the underspend to 2017/18 for use on the Sustainable and Active Travel Grant Scheme.
52. The Partnership holds no usable reserve which is in line with the powers outlined by the Transport Scotland Act 2005. The balance on the unusable reserves reduced by £1.392million in year to £0.038million following the prior year restatement referred to in paragraph 29. This predominantly related to adjustments through the Capital Adjustment Account for depreciation and impairments.

4

Appendices

Appendix 1: Management action plan

Our action plan details the control weaknesses and opportunities for improvement that we have identified during our audit.

It should be noted that the weaknesses identified in this report are only those that have come to our attention during the course of our normal audit work. The audit cannot be expected to detect all errors, weaknesses or opportunities for improvements in management arrangements that may exist. The weaknesses or risks identified are only those which have come to our attention during our normal audit work, and may not be all that exist.

Communication of the matters arising from the audit of the annual report and accounts or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Action plan grading structure

To assist the Partnership in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been rated. The rating structure is summarised as follows:

Grade 5	Very high risk exposure – major concerns requiring Partnership attention
Grade 4	High risk exposure – material observations requiring senior management attention
Grade 3	Moderate risk exposure – significant observations requiring management attention
Grade 2	Limited risk exposure – minor observations requiring management attention
Grade 1	Efficiency / housekeeping point

Action plan point	Issue & Recommendation	Management Comments
1. Authorisation of journals	<p>Observation</p> <p>Our review of the journals environment found that there was a lack of segregation of duties over the posting of journals. Journals are prepared and posted without any secondary review or authorisation. Journals can be used to override controls and create fraudulent errors therefore, it is essential appropriate controls are in place</p> <p>Recommendation</p> <p>While our audit review in respect of the 2016/17 financial year did not identify any indications of management override we recommend that a review process is put in place for the preparation and posting of journals to the ledger.</p>	<p>Expenditure and Income monitoring reports are prepared in full consultation with officers of the Partnership for reporting to the Partnership Board on a quarterly basis, in line with the Financial Regulations of the Partnership.</p> <p>Any exceptional or unanticipated expenditure or income created by journal entry would be identified through this process.</p> <p>To enhance control, Partnership officers will receive a monthly report to include details of all journal entries processed, for review.</p> <p>Strict separation of financial controls, segregation of duties and authorisation levels exist for all actual expenditure transactions of the Partnership.</p> <p>Action owner: Treasurer</p> <p>Due Date: immediate</p>
Rating		
Grade 3		
Paragraph ref		
16		

Action plan point	Issue & Recommendation	Management Comments
2. Asset recording and tagging	<p>Observation</p> <p>Assets within the asset register are not allocated a unique reference number and are instead grouped by type. In addition to this the physical assets are not individually labelled. It is therefore not possible to undertake a physical verification of assets from the register to the floor (or vice versa). There has been significant issues verifying the number of assets held and the value per item in year</p> <p>Recommendation</p> <p>To ensure assets are accounted for appropriately and prevent against the possible misappropriation of assets, we recommend that new assets acquired, across all sites are:</p> <ul style="list-style-type: none"> • brought into the fixed asset register with sufficient detail to allow each unit to be individually identifiable including purchase date and value per item; and • appropriately labelled when brought into use to create a direct link between the fixed asset register and the physical assets. 	<p>The Partnership Director has instructed that the Projects team oversee the creation of a full and comprehensive asset register for SEStran.</p> <p>Action owner: Partnership Director</p> <p>Due Date: 31 March 2018</p>
Rating		
Grade 4		
Paragraph ref		
37		

Action plan point	Issue & Recommendation	Management Comments
3. Registers of Interest	<p>Observation</p> <p>From our review of the Registers of Interests of members it was found that a number of the declarations forms had not been updated since 2014. Upon further review we identified an undisclosed related party transaction of £0.086million relating to an undeclared related party for Edinburgh and Lothians Greenspace Trust. The annual accounts have been updated to reflect the appropriate disclosures.</p> <p>Recommendation</p> <p>The Partnership should ensure registers of interest are updated on at least an annual basis</p>	<p>All members of the Partnership Board are reminded and have been in Summer 2017 of the provision of regulations which provide for Board Members to give notice of registerable interests as outlined in SEStran Code of Conduct and all members of the Board at the first meeting of the new session has been reminded of their Code of Conduct responsibilities. Keeping entries in the Register of Interests up to date is ultimately the responsibility of individual Members. The Secretary of the Partnership is the proper officer for these purposes. We should stress that they receive an annual reminder</p> <p>Action owner: Partnership Director</p> <p>Due Date: 31 December 2017</p>
Rating		
Grade 3		
Paragraph ref		
37		

Action plan point	Issue & Recommendation	Management Comments
4. Reconciliation of holding accounts	<p>Observation</p> <p>The City of Edinburgh Council maintains a holding account on behalf of the Partnership. The holding account is reconciled on an annual basis. There is a risk that any errors in the allocation of items to the holding account are not discovered timeously.</p> <p>Recommendation</p> <p>The holding account should be reconciled with the Partnership records on a regular basis to reduce the risk of significant error.</p>	<p>The indebtedness between the City of Edinburgh Council and the Partnership, as reflected in the holding account balance, was reconciled a number of times during 2016/17. The frequency of reconciliation will be formalised such that a reconciliation will be undertaken on a quarterly basis.</p> <p>Action owner: Treasurer</p> <p>Due Date: 31 December 2017</p>
Rating		
Grade 2		
Paragraph ref		
37		

Action plan point	Issue & Recommendation	Management Comments
5. Income and expenditure controls	<p>Observation</p> <p>While income and expenditure testing did not identify any misstatements to the annual accounts, we did identify a number of errors relating to income and expenditure invoice processing.</p>	<p>A new protocol/guidelines have been obtained from City of Edinburgh Council around the declaration of VAT and have been put in place. This processing change is continuing to be embedded across the organisation.</p>
Rating		
Grade 3	<p>Income and expenditure invoices are sent to City of Edinburgh Council alongside a cover sheet that details the VAT coding, ledger coding and supplier/customer details. We found that the details on cover sheets were often incorrect which resulted in credit notes being raised on numerous occasions.</p>	<p>Controls on authorisation and review of invoice payments have been updated.</p>
Paragraph ref		
37	<p>Income invoices were also found to have a number of errors in year which resulted in an under declaration of output tax of £12k (disclosed in the accounts as a debtor and creditor). A voluntary disclosure to HMRC was made in relation to this. As part of our review we found that there were weaknesses in the review and authorisation of invoices.</p> <p>Recommendation</p> <p>The Partnership should ensure all invoices are subject to rigorous checks and are appropriately authorised prior to submitting for processing by City of Edinburgh Council officers.</p>	<p>Action owner: Partnership Director/Treasurer</p> <p>Due Date: immediate</p>

Action plan point	Issue & Recommendation	Management Comments
6. Long term financial planning	<p>Observation</p> <p>The Partnership develops a budget for one financial year which is aligned to the annual business plan and Regional Transport Strategy. There is a risk that funding is used to support short term need rather than long term strategic priorities.</p>	<p>The removal of capital funding in 2009/10 means there is a difficulty for long-term strategic funding of RTS projects. The Director continues to monitor and advocate for investment by stakeholders in strategic priorities and for the return of long-term significant funding to RTPs through the second National Transport Strategy review process. However, given our main funder Transport Scotland has only been able to issue one year funding settlements in recent years, this has limited our ability to take a long-term budgetary approach to investment.</p>
Rating		
Grade 4	<p>Recommendation</p> <p>In order to ensure financial sustainability the Partnership should develop medium to long term financial plans on a 3 to 5 year basis. This would assist the Partnership in highlighting risks to its sustainability and ensure funding is allocated in line with the long term strategic aims of the Regional Transport Strategy.</p>	<p>Action owner: Partnership Director</p> <p>Due Date: 31 December 2017</p>
Paragraph ref		
46		

Appendix 2: Respective responsibilities of the Partnership and the Auditor

Responsibility for the preparation of the annual accounts

The Partnership is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Treasurer has been designated as that officer.

The Treasurer is responsible for the preparation of the annual accounts in accordance with proper practices 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 is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- complying with legislation; and
- complying with the Code.

The Treasurer is also responsible for:

- keeping proper accounting records which are up to date; and
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor responsibilities

We audit the annual accounts and give an opinion on whether:

- they give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of the affairs of the body as at 31 March 2017 and of the its surplus/deficit for the year then ended;
- they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code;
- they 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;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014;
- the information given in the Management Commentary is consistent with the financial statements and has been prepared in accordance with statutory guidance issued under the Local Government Scotland Act 2003; and
- the information given in the Annual Governance Statement and Statement of Financial Control is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

We are also required to report, if in our 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 accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

Wider scope of audit

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the financial statements, but providing audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management arrangements and financial sustainability.

The Code frames a significant part of our wider scope responsibilities in terms of four audit dimensions: financial sustainability; financial management; governance and transparency; and value for money. The Code recognises that full application of its requirements may be impractical or inappropriate due to the nature or size of the audited body.

We have concluded that the full application is not appropriate due to the size of the organisation. As part of our annual audit we consider and report against:

- appropriateness of the disclosures in the governance statement; and
- financial sustainability of the body and the services that it delivers over the medium to longer term.

Independence

We are required by International Standards on Auditing to communicate on a timely basis all facts and matters that may have a bearing on our independence. We can confirm that we have complied with the Ethical Standards. In our professional judgement the audit process has been independent and our objectivity has not been compromised. In particular, there have been no relationships between Scott-Moncrieff, the Partnership and its Partnership members or senior management that may reasonably be thought to bear on our objectivity and independence.



Scott-Moncrieff
business advisers and accountants

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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 £150,000.

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.

Angela Chambers
Business Manager
September 2017

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 2016/17 set 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 2017. 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 £50,076 on public relations in 2016/17. This is 3% of our total expenditure in the year. The costs included radio advertising campaigns, a new website, design, printing and publication of documents, including our annual reports, other documents and Business Plan 2017/18.
- 2.2 In 2016/17 SEStran invested in further promotion of its Real Time Passenger Information (RTPI) system and the Thistle Assistance Card and App through a radio advertising campaign, broadcast on Radio Forth. This was to encourage more people to travel by public transport.
- 2.3 SEStran also launched a brand-new website, which provides a focussed and easier to navigate platform which is more accessible to stakeholders and the public.

3. OVERSEAS TRAVEL

- 3.1 We incurred expenditure of £6,590 on overseas travel in 2016/17. This is the equivalent of 0.4% 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 percentages varying from 50% to 100%.

4. HOSPITALITY & ENTERTAINMENT

- 4.1 We incurred expenditure of £279 on hospitality in 2016/17. No expenditure was incurred on benefits, sporting or cultural events.

5. EXTERNAL CONSULTANCY

- 5.1 We incurred expenditure of £183,568 on external consultancy. This is the equivalent of 11.7% of our total expenditure. We commissioned a range of projects and employed Lindean Partnership Ltd, WYG, Coachline, Systra, Napier University, X Design, Product Forge 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	Invoice Date	Gross Amount
Ineo Systrans	RTPI Maintenance	19/04/2016	£67,692
Ineo Systrans	RTPI Maintenance	15/11/2016	£67,692
Ineo Systrans	RTPI Maintenance	15/11/2016	£67,692
Ineo Systrans	RTPI Maintenance	23/02/2017	£67,693
Trapeze	Routewise Support	21/03/2017	£52,805
Ticketer	RTPI Expansion	30/03/2016	£71,356

- 6.3 All RTPI payments were in relation to ongoing work to the Real Time Passenger Information project that SEStran operates and Ticketer has provided additional equipment for the system.
- 6.4 Trapeze provides a system for partner authorities to input bus service data into Traveline and is operated on a regional basis, by SEStran, thus saving money for the individual authorities.
- 6.5 Throughout 2016/17 SEStran paid certain consultants in excess of £25,000 over several payments. These are listed below:

Supplier	Subject Matter	Total Amount
Ineo Systrans	RTPI	£225,641
WYG Group	RTPI	£49,647
Coachline	One Ticket	£46,903
Onestop IT	IT Support	£33,878

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 2016/17 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 2016/17.
- 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 2016/17 our work contributed to:
- Reducing the number of commuter journeys by single occupancy vehicles within the South East of Scotland
 - *In the financial year 2016/17, SEStran Tripshare contributed to 645.93 tonnes of CO2 reduction and 1.69 tonnes of NOx reduction.*
 - Minimising the overall need for travel; overall by car.
 - *SEStran's Regional Cycle Training and Development Officer, Peter took up the role this year and has been busy meeting with Bikeability Local Authority Co-ordinators to establish the challenges and shared best practices throughout the region, as well as attending several networking events promoting Bikeability and other programmes from SEStran and Cycling Scotland. The role involved designing and organising a pilot training programme for job seekers and school leavers focussing on access to bikes, cycle training and immediate employability skills*
 - Maximising public transport provision and achieving public transport integration and intermodality.
 - *In 16/17 SEStran carried out further publicity for the Thistlecard through radio advertising with a view to encouraging a wider use of*

the card for those who would otherwise find it difficult to travel by public transport.

- *SEStran's "Socialcar" project, 100% funded by the EU, progressed during 16/17, in developing an App to facilitate car sharing and integrating with public transport.*
- Improving safety for all road and transport users
 - *SEStran's Equality Outcomes 2017 – 2021 were published. For example, there can be a fear of crime particularly when travelling alone on certain modes/routes of transport, particularly in terms of antisocial behaviour or sexual harassment of women on public transport and/or hate crime towards other groups. This can affect the frequency of travel for these groups and curtail their mobility so RTPi system can play a part in increasing confidence, alongside our work on a Regional Hate Crime Charter and promotion of the Thistle Assistance Card.*
- Enhancing community life and social inclusion
 - *In 16/17 SEStran became a Disability Confident Employer and signed up to become a Living Wage Employer.*
 - *SEStran have published a Board Succession Plan, including working towards the wider 50/50 by 2020 Scottish Government outcome.*
- Enhancing movement of freight, particularly by rail and other off-road modes
 - *In 16/17 SEStran was invited to take part in 2 EU Interreg partnership bids for freight related projects; SURFLOGH and SCRIPT. The first relates to improving the sustainability of last mile freight distribution and the second seeks to reduce greenhouse gas emissions in freight related road transport by looking at alternative modes and reducing congestion at pinch points in the road infrastructure. The first bid was successful and the project is now underway and the result of the stage 1 bid for the second is expected later this month.*
- Enhancing real time passenger information available for bus services in both urban and rural areas
 - *SEStran has continued to invest in expansion of the RTPi system, assisted by awards of ERDF grants (40%) by spending £79,000 on providing new GPS enabled ticket machines capable of connecting to the realtime system, for 5 bus operators in the region.*
 - *Another qualitative point about RTPi is the safety aspect for women or elderly or other travellers, in that they know their bus is on the way and feel safer in the knowledge of how long they will wait and maybe making contact with people who are going to pick them up. There is an assurance factor as well re linking journeys and making connections*

8.5 SEStran has taken several steps to meet its duties under the Equalities Act, including publishing a brand-new set of Equalities Outcomes. Further measures taken to contribute to an inclusion growth vision for example signing of the Diversity and Inclusion CIHT Charter, and becoming a Disability Confident Committed Employer. We have also appointed Board Observers from Changing the Chemistry and our Equalities Forum to increase participation of under-represented groups in public life.

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 2016-17 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 £190,000.
- 9.6 In 2015/16 a grant of £782,000 was received from the Scottish Government. We spent 97% of our £1.62m budget.
- 9.7 In 2016/17 SEStran were involved with several European projects as follows:
- Social Car
 - Share-North
 - CHUMS
 - Regio-Mob
- 9.8 We received £78,691 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 2016/17 we upgraded the IT system and hardware, utilising Scottish Government Framework Contracts, which resulted in a significant saving in comparison to purchasing independently. The old hardware was securely wiped and recycled through Re-Tek UK Ltd at a fraction of previous disposal costs. Further savings have been recognised through reduced print/copier costs by again using SG contracts and we have ended the use of our off-site storage facility, delivering an annual saving of £5-6k.
- 9.10 We have made use of the Public Contracts Scotland portal, taking advantage of efficiencies associated with e-procurement, to procure a support service for our RTPi Digital Display Screen initiative. It is our intention in future to use available frameworks and PCS for procurement.
- 9.11 Two policies have been implemented which further contribute to providing best value, these are a Purchase Card Rules and Procedures policy and a Travel and Subsistence Policy, which provides a clear set of procedures to deliver reduced savings on travel expenditure and subsistence.

- 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.

SEStran Brand

1. INTRODUCTION

- 1.1 At the Partnership Board meeting in August 2017 a review of the current issues with the SEStran identity and name was presented for consultation. Some examples of potential routes and directions were presented.
- 1.2 It was further agreed that a key point of confusion existed between SEStran and SUSTRANS. There was agreement that the current name and identity should be reviewed with less emphasis on region and geography

2. Further Development

- 2.1 A survey of Board Members, Chief Officers and staff was recommended and developed. The survey results summary as of 15th September, are as follows:
 - 30 Responses were received.
 - 'GO' was the most popular response as a descriptor for 'movement' and 'transport'
 - The chevron or arrow picture was the most popular for depicting 'movement' and also was equally popular for depicting 'transport'.
 - The 'links' picture was seen as a very positive indicator of 'partnership'
 - There were also several references to the use of an 'arrow'.
- 2.2 The full results of the survey will be presented prior to the September Board meeting at a brand workshop to further explore potential new approaches with the members, officers and staff. The Chair & Vice Chairs wish for a broad consensus to be reached at the workshop & thereafter to be considered by the Partnership Board.

3. Workshop Content

- 3.1 The format for the morning's workshop will be that the survey results will be presented. Followed by exploring a recent example of re-branding for the Scottish Disability Equality Forum. The workshop will then split up into groups to work on two key areas: 1) the profile of RTP stakeholders & users and 2) the positioning statement for the RTP. Each of the groups will present to the meeting on their findings. Key insights and potential approaches will be summarised verbally to the Board after the workshop. Insights will be collated and broad direction of travel developed.

4. RECOMMENDATIONS

- 4.1 Following the conclusion of the workshop the Board is asked to agree to delegate the Partnership Director to develop and implement a new brand and identity in consultation with the Chair and Vice Chairs.

Keith Fiskien

Business Partner

15th September 2017

Policy Implications	A more visible brand will increase clarity of policy
Financial Implications	Contained in existing budget and will deliver better value for marketing activities.
Equalities Implications	None
Climate Change Implications	None

Policy & Projects Update

1. INTRODUCTION

- 1.1** The report provides the Board with an update on the Scottish Government's programme and approach to the comprehensive review of the National Transport Strategy ("NTS2") and on SEStran's progress on awarding the "FAST" grant. Details on proposed continued work with Young Scot and on further award nominations are also provided.

2. Overview of the NTS Review

2.1 Background

- 2.1.1** In August 2016, the Minister announced that the National Transport Strategy (NTS) will be subject to a comprehensive review to develop a successor strategy, one that sets out a compelling vision for transport over the next 20 years.
- 2.1.2** This collaborative approach involves a wide variety of internal and external stakeholders, who will meet regularly over the next two years to develop the successor NTS with Transport Scotland (TS) through their working groups and partnership forums.
- 2.1.3** The approach to the NTS Review is focused on the key elements of collaborative working with partners, developing a robust evidence base and engaging with stakeholders and citizens across Scotland.
- 2.1.4** Transport Scotland will also deliver a wide programme of engagement across Scotland to ensure that transport users also have an opportunity to feed into the NTS process.
- 2.1.5** The NTS Review will work towards a formal public consultation on a draft strategy in early 2019 with a view to publishing the successor strategy in July 2019.

3 Scope

3.1 In Scope

- 3.1.1** The main aim of the NTS Review will be to build upon NTS 2006 and the refreshed NTS 2016 to produce and publish 'NTS2', setting the strategic direction for transport in Scotland over the next twenty years.

- 3.1.2 The scope of the review will include transport connectivity within Scotland, with the UK, and internationally. It is recognised that transport links within Scotland play a key part in attracting inward investment to Scotland.
- 3.1.3 The review will set out the evidence base for future transport needs including identifying consistent or different needs between rural, coastal, islands, city, and urban areas.
- 3.1.4 It will make recommendations on transport governance delivering on the recommendations in the NTS Refresh that a full review should set out roles and responsibilities and propose modification if appropriate. **In essence, this review will make recommendations on the future of the currently existing RTPs; how and to what extent transport governance on a regional basis will be taken forward.**
- 3.1.5 The scope of the review will also address specific issues and opportunities in the context of NTS including;
- climate change;
 - Integration;
 - air quality;
 - resilience;
 - congestion;
 - reducing inequality and increasing accessibility;
 - Sustainable and inclusive economic growth;
 - Innovation;
 - Behavioural change; and
 - Identifying ‘game-changing’ events or technologies.
- 3.1.6 To support the overarching Scottish Government requirement for sustainable, inclusive economic growth, the review will also be aligned with concurrent cross-cutting Scottish Government policies.

3.2 Out of Scope

- 3.2.1 The NTS Review will inform the review of the Strategic Transport Projects Review (STPR), helping to identify future spending priorities on infrastructure, and will set a strategic direction for possible spending priorities in other, non-infrastructure, areas of importance. However, the NTS Review will not set a funding framework (that being determined by the Spending Review Process) nor will it identify specific infrastructure priorities. This latter will be done by the review of STPR.
- 3.2.2 The review will aim to be self-contained and will not therefore be accompanied by any ‘sister documents’ e.g. a Freight Strategy, Rail Strategy etc. Existing long-term strategies (e.g. Ferries Plan) will not be

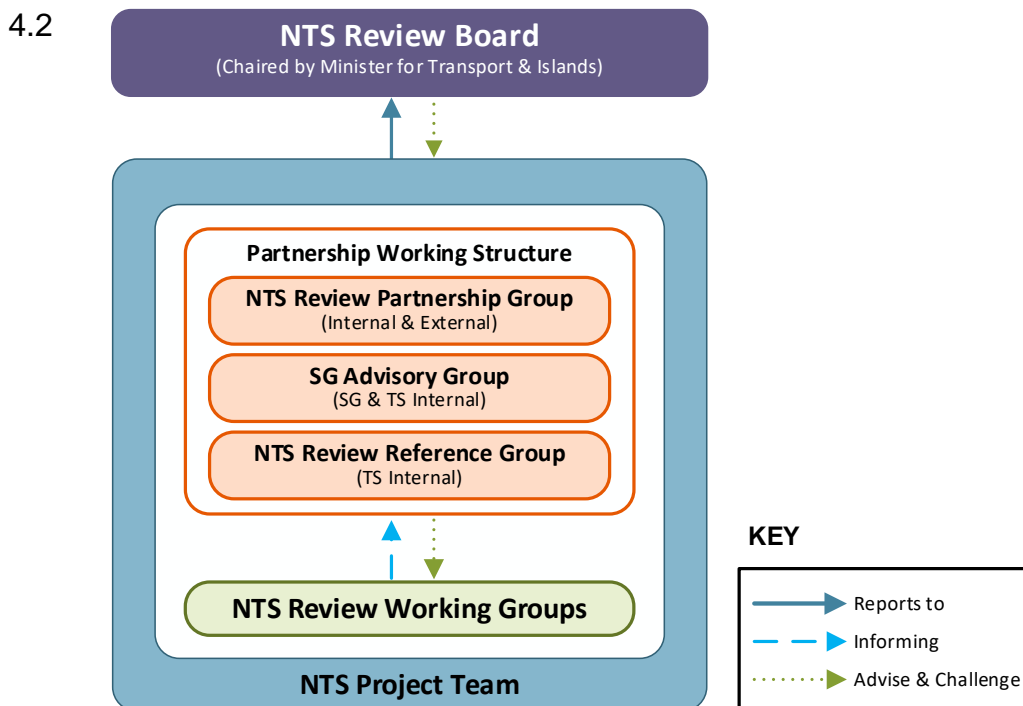
revisited, but any modal strategy developed after NTS2 would be expected to reflect the updated national strategy.

3.2.3 The review will reflect the current and emerging position regarding reserved and devolved powers, but will not set out to make a case for further devolution of powers for transport unless it is subsequently identified that additional powers would help deliver the NTS2's updated vision and strategic outcomes.

3.2.4 It is important that the review retains a strategic perspective, and does not function as a 'catch all/cure all' for every transport issue.

4. Structure of the NTS Review

4.1 The structure of the NTS Review has been summarised in the diagram below:



4.3 The **Review Board** is the main overarching governance body for the conduct of the NTS Review and is chaired by the Minister for Transport and Islands.

The Board will consist of key senior stakeholders who will provide strategic advice, guidance and address challenges over the course of the NTS Review.

4.4 The **Partnership Group** is a strategic stakeholder group co-chaired by Transport Scotland and CoSLA.

4.5 The **Advisory Group** is an internal forum which convenes internal policy leads from across the Scottish Government to help manage policy

interdependencies between the NTS Review and wider Scottish Government policy (e.g. Digital, Planning, Climate Change)

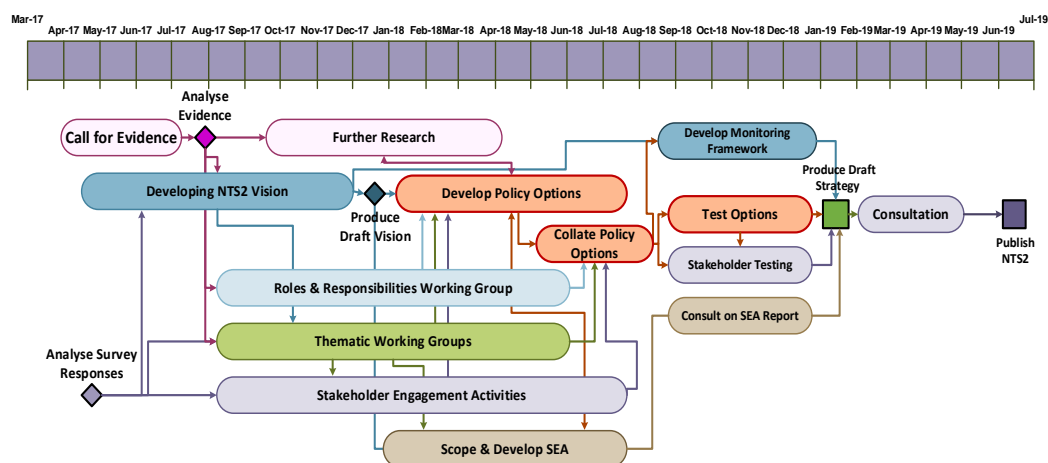
- 4.6 The **Reference Group** is an internal Transport Scotland group which provides an opportunity for transport policy officials to feed into the NTS Review at regular intervals.

- 4.7 Three **Functional** groups will deliver the fundamental building blocks for the review process i.e. research and evidence, the strategic framework review, and the review of transport roles and responsibilities. They are: **Research & Evidence, Strategic Framework and Transport Roles & Responsibilities.**

Four **Thematic** groups will address wider facets of the review such as inclusive economic growth, inequality, climate change and safety. The groups are: **Greener & Healthier, Enabling Economic Growth, Tackling Inequality and Delivering Safe & Resilient Transport.**

Working Groups will be able to change their membership as required but overall numbers should be kept at a manageable level. Guest speakers can also be invited to deliver presentations on subjects relevant to the group's discussion.

TS have produced the following programme for the review, detailing how all of the various groups will interact, when meetings, consultation and analyses will take place and indicating that the work will be complete by July 2019.



- 4.8 SEStran's Chair, Councillor Gordon Edgar, is the RTP representative on the top level Review Board with the Minister for Transport and the Islands and SEStran is further represented on the Thematic Group - Enabling Economic Growth.

5. Progress on the Forth Active Sustainable Travel "FAST" Grant

5.1 Background

- 5.1.1 In June 2017 SEStran announced a potential new funding opportunity in the sustainable and active travel sphere, that could deliver £200,000 of funding to the successful applicants(s).
- 5.1.2 The FAST Grant supports active and sustainable travel projects across the SEStran region and was made available on a competitive basis to organisations applying.
- 5.1.3 Applications were open to public bodies, commercial organisations, academic organisations and representatives from the third sector, with the aim of capturing as much interest as possible and encouraging a broad diversity of potential projects.
- 5.1.4 The grant is primarily aimed at delivering projects that improve sustainable and active travel opportunities for communities within the SEStran region.
- 5.1.5 The focus of this call was for projects that can start and finish in the SEStran financial year 2017/18.

5.2 Application Process

- 5.2.1 Expressions of Interest (EOI) were invited to be submitted by 30th June 2017 consisting of a brief 300-word outline of the proposed project.
- 5.2.2 36 EOIs were received in total and were assessed by the SEStran assessment panel. From these 36 EOIs full applications were invited from nine bidders.
- 5.2.3 Applications were received by the 17th of August with the full applications again assessed by the SEStran assessment panel. Two applications were rejected and seven projects were successful.
- 5.2.4 Projects must be substantially complete by March 31st 2018 to receive grant payment.
- 5.2.5 See attached application form in Appendix 1 for details of the assessment criteria.

5.3 Project Awards

- 5.3.1 A combined award of £183,500 will be used to develop a regional e-bike sharing scheme with 4 principles partners:
 - St. Andrews Uni Eden Campus: E Bike Park and Pedal
 - NHS Forth Valley E Bike Sharing
 - Napier University E Cycle Shared Bicycle Project
 - Bike Plus, as well as expanding the reach of the e bike scheme across the region, will help SEStran with project management and delivery.

A further 3 projects were awarded as follows:

- Falkirk Council Love to Ride: Central Scotland Cycle September £17,288
- Queen Margaret University Travel Planning works at QMU £10,640
- Midlothian Council Smarter Choices Smarter Places £25,000

5.4 Sustrans Projects

5.4.1 As in previous years, Sustrans Scotland have provided SEStran with £100,000 from their Community Links funding to be used on active travel infrastructure projects in the SEStran region. This financial year the fund was included in the FAST Grant application process. Three applications from the FAST Grant were eligible for Sustrans funding.

5.4.2 Project Awards

- East Lothian Council: Future proofing Musselburgh's sustainable transport links study - £50,000
- Edinburgh bioQuarter partners: Detailed and preliminary design of active travel corridor to Edinburgh bioQuarter - £30,000
- Musselburgh Area Partnership: Surface upgrade of 'the drift' path - £38,200

N.B. The total awarded is higher than the £100,000 allocation. The extra funding will also come from Sustrans.

6. yTravel

6.1 Following the previous successful partnership with Young Scot producing the X Route report and subsequent implementation of Glowing Paths, SEStran is keen to continue to deepen the direct involvement of young people in the design and delivery of their own mobility solutions.

Young Scot has submitted a proposal for an 18 month national partnership between SEStran and Young Scot to increase young people's active involvement in SEStran through the formation of four Regional Design Teams at a suggested value of £60,000.

The yTravel project is proposed to run from October 2017 to March 2019 with the following objectives:

- For young people to have an opportunity to input their views, ideas and challenges to help improve the current transport network and services;
- For young people and SEStran to work in partnership to co-design and co-develop a series of mobility and accessibility solutions which reflect and engage with the diversity of young transport users in the region;
- For young people and SEStran to work in partnership to develop, deliver and evaluate the progress of four pilot projects in different geographical locations in the region;
- To explore the potential to roll out these projects to young people across the whole region through the development of new business models and supporting policy interventions.

The Board's approval is now sought to allow the Partnership Director to award grant to Young Scot on the basis of their proposal.

7. The Herald and GenAnalytics National Diversity Awards 2017

7.1 SEStran has been shortlisted for three Diversity Awards:

- Diversity Star Performer 1-250 employees - SEStran
- Diversity In The Public Sector – SEStran
- Rising Star Diversity Award – Emily Whitters, SEStran (Former)

The awards will be presented on the evening of Thursday, October 12, 2017 at the Radisson Blu Hotel, Glasgow.

8. 2017 SURF Awards

The SURF Awards aim to recognise innovation and best practice in community regeneration projects. SEStran has applied for this year's SURF Awards in the community-led regeneration category for the 'X-Route: Star Paths' project- which will see the implementation of glowing paths in Knightsbridge, West Lothian as suggested by local young people.

9. Recommendations

- 9.1** The Board is asked to note the contents of the report and to note, in particular, paragraph 3.1.4.
- 9.2** The Board is asked, with reference to paragraph 6.1, to authorise the Partnership Director to award grant to Young Scot on the basis of an agreed proposal.

Jim Grieve
Head of Programmes
15th September 2017

Appendix 1 – FAST Grant

Policy Implications	The outturn of the NTS review will clearly impact on the RTS, which the Board has previously now requires to be re-drafted.
Financial Implications	As described in the report
Equalities Implications	None
Climate Change Implications	None



Forth Active & Sustainable Travel Grant

First Call for Applications 2017/18

Guidance for Submissions

Introduction

The FAST Grant supports active and sustainable travel projects across the SEStran region and is available on a competitive basis to organisations invited to apply.

The grant is primarily aimed at delivering projects that improve sustainable and active travel opportunities for communities within the SEStran region. The application and assessment process aims to create a pipeline of projects with the potential for funding and provide feedback for projects to be further developed.

The focus of this call is for projects that can start and finish in the SEStran financial year 2017/18 (April to March)

Project Geography

The proposed project must be delivered in the SEStran area encompassing our eight local authorities: City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian.

Application Details

Please keep your responses short and concise – Use bullet points. Be clear on what the project will deliver using the FAST Grant. Please ensure you provide responses to each of the following headings.

- Outline of why this project is being undertaken and how it has evolved
- Timescales, objectives, target groups, geographical coverage, partnership, community involvement, Economic, social and physical regeneration outcomes
- Any other financial contributions, such as match funding, and the potential for wider regional impact
- Wider sustainable/active travel activity - please describe how this project will contribute to wider plans and its strategic importance.

Further Information - Assessment of bids

All applications will be considered by the Forth Active Sustainable Travel Grant Panel. Projects will be initially assessed against the basic eligibility criteria and focus of the Grant.

Additional Criteria: In summary, these will be:

Viability

Projects MUST be delivered by March 31st 2018 and the work must be completed by this date in order to receive grant payment.

Match funding (15%)

Demonstration of funding commitment from other sources (within their own organisation wherever possible). This can include staff time.

Community involvement and partnership (15%)

Demonstration that the project has or will encompass a degree of community involvement, whether support from the community for the project to go ahead, local community representatives being involved and inputting into the project proposal or involvement of the community in the delivery or roll out of the project. Where the Local Authority is not lead applicant, have they been consulted prior to your bid?

Project Outcomes – physical, economic and social (30%)

Demonstration of the physical, economic and social outcomes which the project would achieve if the bid was successful. Physical outcomes could take the form of land remediation and enabling infrastructure. This is then followed by economic and social outcomes, where for instance economic outcomes may include demonstration that a project will bring economic benefit (in terms of investment or employment opportunities) and social outcomes may include demonstration that the project will enhance social cohesion, community wellbeing or safety.

Sustainable and Active Travel Focus (40%)

Demonstrates that the project delivers benefit to the community and improves access to or increased participation in cycling, walking and/or reduces the reliance on car journeys.

Other Requirements and Deliverables During and Post Project

- A comprehensive project report and presentation will be required.
- Case Study should be produced.
- Monthly updates including budget and timeline to SEStran. Parameters and mechanism will be determined at project kick-off meeting.
- Appropriate brand guidelines and visibility will be agreed with SEStran.
- Use of the project for submission to other parties, awards, publicity and marketing to be agreed by both parties.

Feedback

All applicants will receive notification on whether projects have been successful as soon as possible following a meeting of the FAST Grant awards panel, which is anticipated to be in August 2017.

Legal Requirements

Procurement, State Aid, Environmental Impact, Equalities Impact Assessment, Planning Permission, and other assessments as appropriate for projects

All projects will need to comply with all relevant legislation relating to the implementation of projects. Further information may be required from applicant organisations potentially prior to any offer of grant being issued.

Deadline for submission of applications: 7th August 2017 (Close of business)



2017/18 Forth Active Sustainable Travel (FAST) Grant Application

Name of Organisation:

Description of Organisation (roles, responsibilities, area of operation):

Is a partner organisation involved? Yes/No

If 'yes' please give details.

Key Contact (name, phone, e-mail)

Website/Twitter

Project Name:

Project Outline (please describe the projects scope no more than one page):

Further Information

1. Is this a new project? (Yes/No) If 'No' please provide details of past work.
2. Main Objectives: How does the project address infrastructure development and/or behavioural change to increase the levels of walking and cycling across the region? (No more than one page A4)
3. Project Outcomes/Outputs: What will be delivered and how will this improve the active and sustainable travel environment within the region? (No more than one page A4)
4. Additional funding – what, if any, additional funding has been secured to deliver the project?
Note – this can be in the form of resource allocation to help reduce costs.
5. Post Project – what if any future applications or expansion of the work undertaken may be possible or planned? (No more than half page A4)
6. Budget (detail breakdown of costs)
7. Timeline

Please include images and designs where possible to help 'bring' your concept to life.

Notes:

Link to SEStran RTS: <http://www.sestran.gov.uk/info/about-sestran/>

Service Level Agreements

1. INTRODUCTION

- 1.1** This report provides an update on the discussions on the legal/committee services service level agreement(SLA) detailed at the August Board meeting.

2. Replacement Options

- 2.1** Officers have had a meeting with Gavin King of City of Edinburgh Council on 18 August at which it was established that CEC are interested in providing committee services to SEStran under an SLA. Discussions are ongoing regarding formalising this agreement by the end of the month. Gavin King will be shadowing Andrew Ferguson at the September board meeting and was present at the Performance and Audit Committee on 8th September.
- 2.2** SEStran officers have also submitted a collaborative partner participation for legal services under the Scottish Government framework agreement. Both actions will ensure the Partnership continues to have access to committee services and legal services at best value rates. The September Board meeting will be Andrew Ferguson's last meeting as Secretary having served SEStran for nearly 12 years with excellence of expertise and knowledge.

3. CONCLUSION / RECOMMENDATIONS

- 3.1** The paper asks the Board to note the forthcoming change of SLA provider to CEC for committee services, the ongoing procurement via framework agreement for legal services and formally recognise the long service provided by Fife Council and in particular Andrew Ferguson as Secretary to the Partnership in the minutes of this meeting.

George Eckton
Partnership Director
 15th September 2017

Angela Chambers
Business Manager

Policy Implications	None
Financial Implications	It is likely that any Scottish Government legal framework services agreement could be more expensive than the present arrangement with Fife council.
Equalities Implications	We may no longer have the same access to immediate advice on specific legal issues arising from our Public Sector Equality Duties.
Climate Change Implications	Engagement of support services from closer to SEStran's offices may have a slight positive impact on emissions. However, as existing personnel almost invariably use public transport, the effect may be minimal.

Climate Change Bill Consultation Response

1. INTRODUCTION

- 1.1 The Scottish Government launched a consultation on proposals to strengthen the ambition and strategic framework for action to reduce greenhouse gas emissions in Scotland. The proposals for a new Climate Change Bill will amend only those parts of the 2009 Climate Change (Scotland) Act that relate to emission reduction targets and associated reporting duties. SEStran has formed a response to the consultation based on the paper presented to the Partnership Board at the August meeting.

2. SESTRAN RESPONSE

- 2.1 SEStran welcome the ambition for Scotland to reduce greenhouse gas emissions by at least 90% from baseline levels by 2050 in the proposed Climate Change Bill, particularly the ambition of the proposals. However, there are clear implications for transport in terms of meeting these targets. SEStran would therefore welcome greater consideration of a wider range of potential demand side interventions and demand restraint to achieve emissions goals. The full response which will be submitted by 22nd September 2017 can be found in **Appendix 1**.
- 2.2 Board members are asked to submit comments on the proposed SEStran response ahead of the 22nd September deadline to allow sufficient time for comments to be included within the response.

3. CLIMATE CHANGE REPORTING

- 3.1 SEStran also have a duty in regards to The Climate Change (Scotland) Act 2009. Further to the Act, in 2015 the Scottish Government introduced an Order requiring all 150 Public Bodies who appear on the Major Player list to report annually to Scottish Ministers on their compliance with the climate change duties. SEStran is included on this list and will submit a report later this year.
- 3.2 SEStran Officers have begun collating evidence for SEStran's Public Sector Climate Change Duties Report 2017 which will be submitted by 30 November 2017. Some examples are as follows:
- In the financial year 2016/17, SEStran Tripshare contributed to 645.93 tonnes of CO₂ reduction and 1.69 tonnes of NO_x reduction.
 - Staff travel for SEStran business in the financial year 2016/17 amounted to 7138.17 kg CO₂ equivalent which is a reduction of 26% from the previous year, largely due to a reduction of Domestic Flights.

4. CONCLUSION / RECOMMENDATIONS

- 4.1** The paper seeks to invite comment from the Board on the proposed Climate Change Bill Consultation response ahead of the submission deadline of 22nd September.
- 4.2** The Board is asked to note that SEStran will be submitting a report to Scottish Ministers relating to our Public Sector Climate Change Duties by 30th November.

Catriona Macdonald
Projects Officer
11th September 2017

Appendix 1 – Climate Change Bill Response

Policy Implications	The proposed Climate Change Bill could deliver significant change to the transport policy context through a more ambitious national target.
Financial Implications	Need for significant infrastructure and new technology.
Equalities Implications	Moving to electric cars could impact on certain socio-economic groups.
Climate Change Implications	<p>Need for further action to increase modal shift and decarbonise the transport sector.</p> <p>SEStran will be submitting a Climate Change Duties Report which will be used to benchmark progress from the previous year.</p>



Area 3D (Bridge), Victoria Quay, Edinburgh, EH6 6QQ, Tel: 0131 524 5150

Item 12(a) Appendix 1

Climate Change Bill Consultation
Scottish Government
3J South
Victoria Quay
Edinburgh
EH6 6QQ

12th September 2017

Dear Sir/Madam,

Climate Change Bill Consultation

I write on behalf of SEStran, the statutory Regional Transport Partnership (RTP) covering eight local authorities in the South East of Scotland. The area covered is diverse in both geographical and socio-economic terms, and includes City of Edinburgh, Falkirk, Fife, Midlothian, East Lothian, West Lothian, Scottish Borders and Clackmannanshire.

Our vision is:

“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.”

SEStran welcome the ambition for Scotland to reduce greenhouse gas emissions by at least 90% from baseline levels by 2050 in the proposed Climate Change Bill.

Due to the current rate of change and as transport has made less progress relative to other sectors since the 1990 baseline, the proposals will exert a significant amount of pressure on the transport sector to decarbonise and modally shift current mobility patterns. This will be a challenge for all sectors but especially in our view, transportation, given long-standing behavioural habits, current fuelling technologies and long lead-in times for consumer purchasing habits to change in terms of asset renewal if targets are to be realised.

The draft RPP3 published in January 2017 envisaged a future where transport emissions will have reduced by around a third by 2032, through the wide-scale uptake of low carbon vehicles, enhanced freight logistics and measures

such as low emission zones. However, the CCC highlighted there has been less progress on reducing transport emissions relative to other sectors. In 2014, transport emissions (including those from international aviation and shipping) amounted to 12.9 MtCO₂e, marginally below the 1990 baseline figure of 13.3 MtCO₂e. Currently, transport accounts for 28% of total Scottish emissions. Within that long-term profile, we have seen significant reductions more recently: since transport emissions peaked at 14.9 MtCO₂e in 2007, they have fallen year on year by a total of 2.0 MtCO₂e. This is a 13% reduction in seven years. The ultimate goal by 2050 is that Scotland will be free from harmful tailpipe emissions from land transport, with other transport modes decarbonising at a slower pace, resulting in a healthier, more active population.

Given the predicted increase in population we should balance supply side measures with demand restraint to achieve emissions goals. SEStran has a successful and ever-growing Liftshare scheme and it would be welcome if further proposals and policies could be considered alongside a recognition of the role of RTPs in promoting it. The increase in lift-sharing opportunities could have a related co-benefit in terms of potential inclusion and accessibility impacts across urban-rural geographies. However, the Draft Energy Strategy and RPP3 focus on reducing the emissions impact of individualised modes of transport, must not implicitly or inadvertently be allowed to strategically promote greater use of individual motorised modes over collective or active modes and so potentially contribute to the further decline of bus or rail modes of transport. The increase in lift-sharing opportunities could have a related co-benefit in terms of potential inclusion and accessibility impacts across urban-rural geographies. There is a potential equity impact on those, who in the future despite interest-free loans, can't afford or access for other reasons individualised ULEVs.

It would be welcomed going forward to also consider in greater detail a wider range of potential demand side interventions and the impact these could have on potential latent demand for transportation generated by the long-term achievement of inclusive growth in Scotland which may continue for the near future to generate unsustainable travel practices prior to the impact of supply side policies and proposals outlined in RPP3 being able to generate the emissions reductions planned for them. It may also generate externalities in terms of congestion with economic albeit much reduced environmental externalities in future years, which could impact on economic performance and the resultant ability to resource further emissions reduction proposals and policies. For example, SEStran recently submitted a response to the Consultation on Improving Parking in Scotland, and advocated for an investigation into the potential for workplace parking levies (WPL) in certain urban areas, to be brought into Scottish Law. With the focus on employers, rather than employees, being responsible for paying any WPL charge,

although employers can choose to reclaim part or all of the cost of the WPL from their employees as part of a travel plan

It is recognised that there is a clear pick up in terms of ULEVs registered in Scotland but there is still a significant gap between that figure and other conveniently fuelled vehicles. There is a requirement for clear public leadership on this matter to drive behavioural change and instil in all consumers that they can confidently buy and drive ULEVs over the next 10-15 years. This will be critical if transport is to meet its share of the 2030 “all-Energy” target outlined in the Draft Energy Strategy and the 90% reduction target in the proposed Climate Change Bill. SEStran welcome the plans to promote ULEVs and phase out the need for new petrol and diesel cars and vans by 2032, laid out in the newly published Programme for Government. Similarly SEStran supports the plans to introduce low emission zones in Scotland’s four biggest cities by 2020 and into all other Air Quality Management Areas by 2023 where the National Low Emission Framework appraisals advocate such mitigation.

In terms of transport, SEStran believe that Regional Transport Partnerships offer a clear route for delivery of regional low-carbon outcomes and will engage with others to co-design on policies that deliver improvements to collective modes of transport and resource the maintenance and adaptation of existing networks to climate change and increased demand. Transport Scotland funding to Regional Transport Partnerships is a welcome contribution, however further resource would extend our ability to do more in relation to climate change mitigation and adaptation, enabling greater capacity to deliver on Scotland’s ambitious targets.

To conclude, we welcome the proposals laid out in the consultation document, particularly the ambition of the proposals. However, there are clear implications for transport in terms of meeting these targets. SEStran would therefore welcome greater consideration of a wider range of potential demand side interventions and demand restraint to achieve emissions goals. If you require any further detail on any of the points raised above, please contact myself at catriona.macdonald@sestran.gov.uk or 0131 524 5150.

Yours Faithfully,



Catriona Macdonald

Aviation Strategy Call for Evidence

1. INTRODUCTION

- 1.1** On the 21st of July, the UK Government's Department for Transport launched its call for evidence on a new aviation strategy for the UK: Beyond the horizon – the future of UK Aviationⁱ.
- 1.2** This call for evidence sets out the UK government's overall aims and approach for a new Aviation Strategy. It is widely accepted that aviation will play an integral role in the future of the UK economy, with notable relevance during the UK's exit of the European Union. The UK Government must achieve a balance between supporting aviation and remaining committed to addressing aviation's environmental impact through emission reduction targets.
- 1.3** SEStran welcome the opportunity to provide a submission to the call for evidence. It is understood that connectivity plays a vital part in Scotland's economy, and in some instances, provides life-line services to remote parts of the Country. However, it is a delicate balance to strike, with considerations to be made towards noise and air pollution.
- 1.4** SEStran strongly support Surface Access Policy due to the considerable increase in volume for those traveling to and from Edinburgh Airport. This growth has also seen a notable increase in parking offered at Edinburgh Airport, mainly due to the Airport's Permitted Development Rights (PDR). The current PDR for aviation is a historical anomaly, previously based on when the area was in Government ownership.
- 1.5** It is noted that the removal of PDR for aviation and harbours is supported by Edinburgh Council. With regards to the development of West Edinburgh, this is of particular significance. It is understood that there needs to be mechanism for controlling new developments around private airports, the management of transport infrastructure and developer contributions.

2. CALL FOR EVIDENCE

- 2.1** It has been four years since the publication of the Aviation Policy Framework. Due to the rapid changes in the aviation sector the UK Government think that now is the time to develop a new Aviation Strategy. The Strategy is to take a new look at the sectors and its challenges. This will be comprised of six objectives. Which are aimed to:

- Help the aviation industry work for its customers
- Ensure a safe and secure way to travel
- Build a global and connected Britain
- Encourage competitive markets
- Support growth while talking environmental impacts
- Develop innovation, technology and skills

2.2 As the Call states, the next Strategy will focus on consumers and cover the whole of the country. The UK Government intends to host a series of themed consultation papers during the course of 2017 and 2018.

2.3 Phase two will comprise of three consultations: Consultation 1 in the second half of 2017. Consultation 2 in the first half of 2018. Consultation 3 in the second half of 2018. With the final third phase publishing the Aviation Strategy by the end of 2018.

3. RECOMMENDATIONS

3.1 SEStran welcomes the opportunity to respond to this phase one Call for Evidence. Responses are requested by 13th October 2017 and this paper seeks to invite member's comments by 6th October, which will be incorporated into a final response from SEStran and signed off by the Partnership Director in consultation with the Chair.

Lisa Freeman

Strategy and Projects Officer

15th Sept 2017

Appendix 1 – HM Government, Aviation Strategy: Call for Evidence Form

Policy Implications	Support towards the Surface Access Strategy and removal of PDR for aviation and harbours
Financial Implications	
Equalities Implications	
Climate Change Implications	

ⁱ <https://www.gov.uk/government/consultations/a-new-aviation-strategy-for-the-uk-call-for-evidence>

Aviation Strategy: call for evidence

Personal details

1. Your:

name?

email?

2. What is the nature of your:

interest in the
aviation
sector?

involvement in
the aviation
sector?

3. Are you responding: *

☐ on behalf of an organisation? (Go to "Organisational details")?

☐ as an individual? (Go to "Aviation Strategy")

Organisational details

4. What is your organisation's name?

Aviation Strategy

Aim of strategy

To achieve a safe, secure and sustainable aviation sector that meets the needs of the consumers and of a global, outward facing Britain.

Strategy objectives

The strategy will have the following 6 objectives:

- help the aviation industry work for its customers
- ensure a safe and secure way to travel
- build a global and connected Britain
- encourage competitive markets
- support growth while tackling environmental impacts
- develop innovation, technology and skills

5. What are your views on the proposed aim and objectives?

6. Do you have a view on the order the objectives should be tackled? *

- ☐ Yes (Go to question 7)
- ☐ No (Go to Strategy principles)

7. In what order of importance do you think the objectives should be tackled (please rank the challenges 1 = highest priority, 6 = lowest priority)?

Ensure a safe and secure way to travel	<input type="text"/>
Support growth while tackling environmental impacts	<input type="text"/>
Encourage competitive markets	<input type="text"/>
Build a global and connected Britain	<input type="text"/>
Develop future innovation, technology and skills	<input type="text"/>
Help the aviation industry work its customers	<input type="text"/>

Why?



Strategy principles

- Consumer focused - it will put passengers and businesses at the centre of everything we do
- Market driven - it will emphasise the role of government as an enabler, helping to make the market work effectively
- Evidence led - it will target intervention on specific problems which government can address, avoiding activity that does not respond to a clear problem

8. What are your views on the proposed strategy principles?

Policy tests

- What is the rationale for action?
 - This will remain focused on what the government is trying to achieve, not just in terms of outputs such as the publication of an Aviation Strategy, but the final outcome for the sector and society
- What is government's role?
 - This will look at the need for government action to fix an identified problem, or whether activity is better carried out by others
- What does the evidence say?
 - This is a test of whether the government is using the best available evidence and whether there is anything that could be done to improve the information and data available to decision makers
- Have all the options been considered?
 - This will ask whether there are other approaches that may not have previously been considered
- What is the effectiveness of any proposed action?
 - This will ask whether government has considered the practicalities of policy decisions and if these have been properly discussed with those affected or who have an interest

9. What are your views on the proposed policy tests?



Utilising existing runways

10. What are your views on the government's proposal to support airports throughout the UK making best use of their existing runways, subject to environmental issues being addressed?

Consultation process

The consultation document lists the questions that the government would like to explore in developing the aviation strategy within each of the 6 objectives that have been identified (chapters 3 to 8).

11. Are there any other specific questions on the 6 objectives that you think should be included in the planned consultations? *

- ☐ Yes (Go to question 12)
- ☐ No (Go to question 13)

12. What other questions would you like considered?

13. Are there any other sources of information or evidence that the government should bear in mind when developing the strategy? *

- ☐ Yes (Go to question 14)
- ☐ No (Go to question 15)

14. What sources of information or evidence?

15. Does the proposed timetable (chapter 2), provide enough time to examine the existing issues in sufficient depth? *

- ☐ Yes (Go to question 17)
- ☐ No (Go to question 16)

16. What timetable would you suggest and why?

17. What action could the government to make sure that the maximum number of people, communities and organisations are engaged in the process and are able to have their views heard?

Other comments

18. Do you have any other comments on the issues raised by this call for evidence? *



- ☐ Yes (Go to question 19)
- ☐ No (Go to Organisational help)

19. What comments?

Organisational help

20. If you are responding on behalf of an organisation, would your organisation be willing to:

take part in helping
development of the strategy?
help organise events to help the
development of the strategy?

Your answer

Low Emission Zones Consultation

1. INTRODUCTION

- 1.1** In November 2015, the Scottish Government published the Cleaner Air for Scotland (CAFS) Strategyⁱ. CAFS is a national strategy which sets out how the Scottish Government and its partner organisations propose to reduce air pollution to fulfil Scotland's ambitious carbon reduction targets. Amongst the policy areas that are outlined within CAFS, the National Low Emissions Frameworkⁱⁱ (NLEF) is cited as an important initiative, alongside the National Modelling Framework, adoption of World Health Organisation Guidelines, and proposals for a National Air Quality Awareness Campaign
- 1.2** CAFS also describes how the Scottish Government would enable local authorities to appraise, justify the business case for, and implement a range of, air quality improvement options related to transport and associated land use. In addition, the Scottish Government's "A Plan for Scotland 2016 -17"ⁱⁱⁱ is committed to, with the help of local authorities, identifying and putting in place the first Low Emission Zone(LEZ) by 2018. The concept of LEZs has been established for some years. An LEZ involves a city or local authority setting vehicle emissions limits in defined areas where poor air quality is an issue. Any vehicles which do not meet the required LEZ standard are restricted or deterred from entering the area concerned, either by exclusion (full or partial) or by charging.
- 1.3** Much work has already taken place on building the evidence for Low Emission Zones, with detailed work on the new National Modelling Framework (NMF) to provide key evidence, and strong progress on developing the NLEF, to deliver guidance on business case development and delivery. In addition, a wide range of consultation and engagement with key stakeholders on the delivery challenges of LEZs has taken place. Due to the complex nature of delivering LEZs, and some of the concerns that were raised by stakeholders in relation to this, Transport Scotland are taking forward a consultation to support the early adopters in their work, and to finalise a guidance document.

2. CONSULTATION

- 2.1** The CAFS Strategy has seen the establishment of a Governance Group with wide ranging representation, to oversee its progress. The group consists of several subgroups focusing on specific topics, and now wishes to receive further input from other Stakeholders.

- 2.2** The ‘Building Scotland’s Low Emission Zones’ consultation^{iv} was launched on the 6th of September, and invites views on how the Scottish Government can, with the help of local authorities, identify and put in place the first new LEZ by 2018, creating a legacy on which other areas can build.
- 2.3** With Local Authorities, the Scottish Government has committed to introduce LEZs into Scotland’s four biggest cities between 2018 and 2020 and into all other Air Quality Management Areas by 2023

3. CONCLUSIONS/RECOMMENDATIONS

- 3.1** SEStran welcomes this opportunity and is keen to encourage the first LEZ in Scotland to be implemented within the SEStran Region.
- 3.2** Members are invited to submit their comments to SEStran Officers for collation by the 24th of November. Following this, SEStran Officers will provide a paper at the next Partnership Board on the 8th December.

Lisa Freeman

Strategy and Projects Officer

7th September 2017

Policy Implications	
Financial Implications	
Equalities Implications	
Climate Change Implications	LEZs to be implemented in Scotland’s four largest cities by 2020 and into all other air quality management areas by 2023

ⁱ <http://www.gov.scot/Resource/0048/00488493.pdf> - Cleaner Air for Scotland (CAFS)

ⁱⁱ <http://www.gov.scot/Publications/2015/01/3287/10> - Low Emissions Framework

ⁱⁱⁱ <http://www.gov.scot/Resource/0050/00505210.pdf> - A Plan for Scotland

^{iv} https://consult.scotland.gov.uk/transport-scotland/building-scotlands-low-emission-zones/user_uploads/low-emission-zones-consultation-2.pdf - Building Scotland’s Low Emission Zones Consultation

Concessionary Travel Consultation

1. INTRODUCTION

- 1.1** On the 25th of August, the Scottish Government announced its consultation¹ on Free Bus Travel for Older and Disabled People and Modern Apprentices. This consultation describes the issues that face the scheme and asks its respondents to consider these in the light of the consultations proposals.
- 1.2** Responses to this consultation is to be used to inform the development of future rules and guidance on the National Concessionary Travel Scheme in Scotland.

2. CURRENT USE

- 2.1** The scheme was developed to give older and disabled people improved access to services and promote social inclusion. With the aim of improving health and promoting modal shift from the private car. Over 1.3 million bus pass holders benefit from the concessionary scheme and make around 145 million bus journeys each year, which currently costs around £192 million a year. This usage represents a third of all bus journeys made in Scotland.
- 2.2** It is stated within the consultation that each year, around 70,000 people in Scotland reach the age of 60 (the age they are entitled to a National Entitlement Card). These numbers year on year, including the fact that people are living longer and healthier lives, means that the costs for the Scheme is likely to increase further.

3. CONSULTATION PROPOSALS

- 3.1** The consultation outlines the following proposals for consideration:
- Make no change to the scheme, leaving the eligibility rules as they are; or
 - Raise the age of eligibility for both men and women in one step from 60 to the (female) State Pension age at the time the change is made, thereafter keeping pace with further changes in the State Pension age, which is set to increase to 67 over the period 2026 to 2028; or
 - Raise the age of eligibility for men and women progressively towards the State Pension age by annual increases of one year or half a year to the age of eligibility, taking longer to get there but lessening the impact on the expectations of individuals close to 60.

¹ https://consult.scotland.gov.uk/partnerships-and-concessionary-travel/national-concessionary-travel-scheme/user_uploads/consultation-on-free-bus-travel-for-older-and-disabled-people-and-modern-apprentices.pdf

- Making apprenticeships more accessible by offering free bus travel for young modern apprentices, with the aim of targeting those under the age of 21. Making Modern Apprenticeships more attractive to young people.
- Provide companion cards for disabled children under 5. Fixing the anomaly of companions to disabled children under the age of 5 having to pay for bus travel.

3.2 Within the consultation, the Scottish Government notes that the timing and pace of any change to the age of eligibility is as important as the change itself. This is seen as a key issue for campaign groups including Women Against State Pension Inequality (WASPI), who are campaigning against inequality for women in the way the State Pension age change is being made.

4. OPTIONS NOT FAVORED BY THE SCOTTISH GOVERNMENT

4.1 In preparation of the consultation, the Scottish Government decided, for a variety of reasons, that the following alternative approaches will not be considered as part of the exercise:

- Requiring card holders to make a small financial contribution towards the cost of each concessionary journey.
- Levying an annual charge for access to free bus travel
- Restricting use of a bus pas during peak travel times
- Having a cap on the value of individual journeys which can be free

4.2 Whilst the Scottish Government advises that it will not pursue these options at this time, they have provided an additional section within the consultation for respondents to note any comments on these or any alternative improvements to the scheme.

5. POTENTIAL CONSIDERATIONS FOR A SESTRAN RESPONSE

5.1 Within any potential response, SEStran would reiterate that it is not a Transport Authority, but a Strategic Planning Authority, and would focus its response from a Strategic perspective. SEStran does recognise that Concessionary Travel has a significant cost implication for each Local Authority, and some members may wish to comment on this element in further detail.

5.2 However, SEStran will pose the question, whether the methodology on fares needs to change. As the current system stands, it may push up fares for other passengers and potentially discourage people to try travelling by bus by having a reimbursement system focussed on a standard/single fare. As outlined in the Socio-economic Duty paper presented to the Board in Augustⁱ, the

intergenerational impact can have a detrimental effect on younger job seekers. It would be therefore recommended that any future changes in entitlement to concessionary travel must support younger people, and enable them to increased access in employment opportunities.

- 5.3** SEStran is keen to raise these strategic issues. The socio-economic duty asks particular public authorities to do more to tackle the inequalities of outcome caused by socio-economic disadvantage. SEStran would like to understand if Scottish Government intends to proactively assess impact of any changes to the scheme with regards to inequalities of outcome. An option could be to focus the delivery of the scheme on reducing inequalities of outcome assessment and address these immediate needs first.
- 5.4** In addition, in recent Model 3 discussions some members questioned the potential impact of a larger authority. The inclusion of SEStran within the scope of its socio-economic duties, might enable a mechanism for some strategic decisions to focus on communities within particular disadvantages communities. However, at present we are proposing to focus our comments on strategic issues within our consultation response.
- 5.5** It was also welcomed in the recent Programme for Governmentⁱⁱ, that the National Concessionary Scheme will continue to provide free travel to those who need it most, ensuring the scheme is sustainable in the longer term. There is also the commitment to pilot free bus travel for Modern Apprentices. The Programme for Government outlines a commitment to begin to implement the recommendations of the Independent Advisor on Poverty and Inequality second report. Some of the recommendations related to intergenerational equity and the issues of free travel for older people and the lack of similar equality for young people to improve their life chances.
- 5.6** SEStran is also keen to support the commitment by Government to provide free companion travel for eligible disabled children under five, who are not currently covered by the Scheme. This supports SEStran's Equality Outcomes 2017-21ⁱⁱⁱ. SEStran seek to make transport easier to use for all by promoting measures to further improve the safety, accessibility and equity of the transport network across the Region. SEStran also welcomes the certainty given about no one losing an existing bus pass as this contributes to social inclusion and reducing loneliness and the rural mental health issues highlighted in the Programme for Government 2017-18.
- 5.7** SEStran would insist that the scheme is suitable and sustainable for future transport demands. Busses are often vital to those on lower earnings, and provide a lower cost form of travel than rail. However, with falling bus patronage, it is of increasing concern that essential services (specifically in rural areas) may be curtailed. Further raising the issue of 'forced car ownership', where those on a lower household income must spend an increasing proportion of their earnings on running a vehicle.
- 5.8** Advances in shared services or the sharing economy should also be taken in to consideration when discussing the reimbursement of fares. The question

would be; how would a future concessionary scheme evolve to fit new models of service delivery?

6. CONCLUSIONS / RECOMMENDATIONS

- 6.1** The paper seeks to invite comment from the Board on the consultation, which will be incorporated into a response from SEStran and signed off by the Chair under delegated powers.
- 6.2** It is requested that any comments are to be sent SEStran officers by the 13th of November for collation.

Lisa Freeman
Projects & Strategy Officer
31st August 2017

Appendix 1 - Concessionary Travel Consultation Questions

Policy Implications	Changes in eligibility for the Concessionary Travel Scheme
Financial Implications	Potential changes in eligibility could have implications on individual Local Authority budgets
Equalities Implications	Concessionary travel to be given to Modern Young Apprentices and companion travel for eligible disabled children under five who are not currently covered by the scheme
Climate Change Implications	Changes to eligibility could have an overall impact on bus patronage

ⁱ <http://www.sestran.gov.uk/wp-content/uploads/2017/08/2017-08-11-Item-15b-Socio-Economic-Duty.pdf>

ⁱⁱ <http://www.gov.scot/Resource/0052/00524214.pdf>

ⁱⁱⁱ http://www.sestran.gov.uk/wp-content/uploads/2017/04/2017_04_27_Equality_Outcomes.pdf

Part 2 – Questions on options

No change to age eligibility of the Scheme

Should scheme eligibility remain unchanged ?

Do you believe that age eligibility for the Scheme should remain as it is? At present everyone resident in Scotland can get the bus pass on their 60th birthday and be able to travel for free at any time of day, for any number of journeys, on local and long distance scheduled bus services throughout Scotland.

Scheme costs have risen over the years to a little over £190 million in 2016-17. In addition, some 70,000 of us reach age 60 each year and that figure is projected to rise to 76,000 by 2021. This adds further pressure to costs, raising questions about the longer-term sustainability of the Scheme in its present form.

Even if your first preference is to make no changes to age eligibility at this time, please consider the options set out in questions 2 and 3 below.

Question 1

Do you think that we should retain the existing age eligibility criteria for the Scheme?

Yes ☐

No ☐

Please use the box below to provide details.

My comments:

Options to change the National Concessionary Travel Scheme

Raise the age of eligibility for men and women to the female State Pension age in one step

What is it?	<p>Women's State Pension age is being equalised with men's, so that they will reach State Pension age at 65 from November 2018. In addition, both men's and women's State Pension age is due to increase to 66 by 2020 and to 67 between 2026 and 2028.</p> <p>The proposal would set the age of eligibility for free bus travel at female State Pension age from 2018.</p>
What does it mean for me?	<p>The UK Government provides a handy calculator to check when you will reach State Pension age:- www.gov.uk/state-pension-age</p>
What will it cost or save?	<p>If age eligibility is raised immediately to female State Pension age from April 2018 onwards, it would reduce costs by around £10 million in the first year, increasing to around £65 million by 2022-23.</p> <p>The State Pension age will increase to 66 by 2020 and 67 between 2026 and 2028. In 2023-24, this would result in savings of around £83 million each year, increasing up to reduced costs of around £111 million in 2026-27.</p>
What is the justification for claimed costs/savings?	<p>Raising the eligibility age reduces the number of cardholders, resulting in fewer journeys which also reduces the cost to the Scottish Government. In 2022-23, there would be around 350,000 fewer people eligible compared to what would happen if the current age of 60 was to be maintained. In 2026-27, this would increase to around 520,000 people</p>

Question 2

Are you in favour of raising age eligibility to female State Pension age in this way?

Yes ☐

No ☐

Please explain your answers.

Raise the age of eligibility to the female State Pension age over a number of years

What is it?

Women's State Pension age is being equalised with men's, so that they will reach State Pension age at 65 from November 2018. In addition, both men's and women's State Pension age will increase to 66 by 2020 and to 67 between 2026 and 2028.

Age eligibility could be increased towards the (female) State Pension age either:-

- by one year per year; or
- by six months per year

What does it mean for me?

A slower introduction might mean that people affected by the change in the early years will be eligible for their bus passes after age 60 but before the female State Pension age.

If raising the age of eligibility is done progressively for those who are currently in their mid to late fifties, it might be done in one of two ways:-

(A) If the eligible age was raised by **one year annually**, this would increase the age at which people in their late 50s would receive their bus pass but will not mean that they will have to wait until they are at State Pension age. A person who reaches age 59 in 2017 would become eligible for their bus pass on their 61st birthday in 2019, a person who reaches age 58 in 2017 on their 62nd birthday in 2021, a person who reaches age 57 in 2017 on their 63rd birthday in 2023 and so on. A person aged 54 or under in 2017 would become eligible on their 66th birthday.

(B) If the eligible age was raised by **half a year annually**, this would again increase the age at which people in their late 50s will receive their bus pass, but at a slower pace. A person who reaches age 59 in 2017 would become eligible six months after their 60th birthday, a person who reaches age 58 in 2017 on their 61st birthday, a person who reaches age 57 in 2017 six months after their 61st birthday and so on. A person aged 48 or under in 2017 would become eligible on their 66th birthday.

If the age of eligibility is simply raised without any adjustments or phasing, then someone who is 59 in 2017 would become eligible in 2024 when they reach the State Pension age.

This approach would seek to address the issue raised by WASPI and mitigate the effects of the changes on people close to the current age of eligibility by striking a better balance between the size of the change and the period of notice.

What will it cost or save?

Raising age eligibility from April 2018 by one year per year to female State Pension age would reduce costs by around £11 million in the first full year, increasing to around £40 million by 2022-23.

The slower of the two progressive approaches would reduce costs by around £5 million in the first full year, increasing to around £27 million by 2022-23.

What is the justification for claimed costs and savings?

Raising the eligibility age reduces the number of cardholders and hence the number of journeys and also costs to the Scottish Government. For example, if the age is raised by half a year per year, there are projected to be around 157,000 fewer people eligible by 2023-24 compared to what we would see if the current age of 60 was maintained.

Potential annual cost reductions (£million)	2018-19	2019-20	2020-21	2021-22	2022-23
(A) Age eligibility + 1 year	£11m	£11m	£24m	£25m	£40m
(B) Age eligibility + 0.5 year	£5m	£11m	£12m	£19m	£27m

Question 3

Are you in favour of raising age eligibility to female State Pension age gradually over time?

Yes ☐

No ☐

At what rate?

By 1 year per year ☐

By half a year per year ☐

Please explain your answers.

Free bus travel for Modern Apprentices

What is it?	Young people undertaking Modern Apprentice frameworks registered with Skills Development Scotland would be able to get free bus travel. The offer might be targeted at those Modern Apprentices under age 21.
What does it mean for me?	If you are a qualifying Modern Apprentice you would be able to get free bus travel.
What will it cost or save?	It would cost approximately £8m per year to provide free bus travel to Modern Apprentices under 21. Applying it to all Modern Apprentices would roughly double that figure.
What is the justification for claimed costs/savings?	There are around 20,300 Modern Apprentices aged 16-20. Based on the travel behaviour of people in this age group and the estimated uptake of the card, this would cost an estimated £8 million per year.

Question 4

Are you in favour of providing free bus travel to Modern Apprentices?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Should this be targeted at Modern Apprentices under Age 21?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Is there a better way to provide support to help with the travel costs of Modern Apprentices?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

If so, please specify below.

Please explain your answers.

Companion cards for disabled children under age 5

What is it?	Allow disabled under 5s to get a companion card where this is needed so that their parent/carer can travel for free. Under 5s cannot get a disabled persons bus pass as they generally travel for free.
What does it mean for me?	The parent or carer accompanying the child currently has to pay for their own travel until that child qualifies for a companion card on their 5 th birthday. This would allow the parent or carer to travel with an eligible disabled child under 5 for free.
What will it cost or save?	We believe that there around 3,210 disabled children under 5 who might benefit from a companion card. This will cost just over £600,000 per year.
What is the justification for claimed costs/savings?	<p>There currently are around 3,210 children in Scotland who are eligible for the Higher or Middle rate Care Award and/or the Higher rate mobility award of Disability Living Allowance (DLA).</p> <p>Based on the average numbers of journeys taken by bus pass holders and the current reimbursement cost this would cost just over £600,000 to provide equal access to companion cards for disabled children of all ages.</p>

Question 5

Are you in favour of providing a companion card for disabled under 5s where this is needed? Yes ☐ No ☐

Please explain your answer.

Are there any other issues you wish to raise which are not covered above?

The Scottish Government welcomes any further comments and suggestions on the Scheme and how it might be improved or made more sustainable.

Question 6

Do you have any other comments about any of the issues raised in this consultation?

Yes ☐

No ☐

If so, please use the box below to provide details.

My comments:

Part 3 - Assessing impact

Equality

- 1 In considering possible changes to the National Concessionary Travel Scheme in Scotland the public sector equality duty requires the Scottish Government to pay due regard to the need to:
 - eliminate discrimination, victimisation, harassment or other unlawful conduct that is prohibited under the Equality Act 2010;
 - advance equality of opportunity between people who share a protected characteristic and those who do not; and
 - foster good relations between people who share a relevant protected characteristic.
- 1.1 These three requirements apply across the 'protected characteristics' of:
 - age;
 - disability;
 - gender reassignment;
 - marriage and civil partnership;
 - pregnancy and maternity;
 - race;
 - religion and belief; and
 - sex and sexual orientation.

1.2 At this early stage it is difficult to determine whether significant effects are likely to arise and the aim of the Scottish Government is to use this Consultation process as a means to fully explore the likely equality effects, including the impact on children and young people.

1.3 Once completed the Scottish Government intends to determine, using the consultation process, any actions needed to meet its statutory obligations. Your comments received will be used to complete a full Equality Impact Assessment (EQIA) to determine if any further work in this area is needed.

Question – Equality Impacts

Are there any likely impacts the proposals contained within this Consultation may have on particular groups of people, with reference to the 'protected characteristics' listed above? Please be as specific as possible.

Question – Children and young people

Do you think the proposals contained within this Consultation may have any additional implications on the safety of children and young people?

Business and Regulation

1.4 A Business and Regulatory Impact Assessment (BRIA) will analyse whether the proposals are likely to increase or reduce the costs and burdens placed on businesses, the public sector and voluntary and community organisations.

Question – Business impacts

Do you think the proposals contained in this Consultation are likely to increase or reduce the costs and burdens placed on any sector? Please be as specific as possible.

Privacy

1.5 A full Privacy Impact Assessment (PIA) will be conducted to ascertain whether our proposals on delivering a consistent approach to the Scheme may have an impact on the privacy of individuals.

1.6 At this early stage it is difficult to determine whether significant privacy impacts are likely to arise and the aim of the Scottish Government is to use this Consultation process as a means to fully explore the likely privacy effects.

Question – Privacy impacts

Are there any likely impacts the proposals contained in this Consultation may have upon the privacy of individuals? Please be as specific as possible.

Annex C

Options not favoured by the Scottish Government

A number of those with whom we have engaged in preparing this Consultation indicated a first preference for maintaining the current age of eligibility or, if changes had to be made, for alternative approaches to be taken. For a variety of reasons the Scottish Government is not minded to adopt these but they are listed below for information: -

1 Requiring card holders to make a small financial contribution towards the cost of each concessionary journey.

A fixed contribution of, say, 20p, 50p or £1 would be required to be paid for each journey undertaken. This would be relatively simple to implement and would generate significant savings. For example, a contribution of 20p per journey could save up to £17 million annually if applied to all concessionary passengers, including disabled bus pass holders as well as those qualifying on age. (Requiring a contribution only from non-disabled pass holders would reduce savings by about 10%.)

2 Levying an annual charge for access to free bus travel.

The journeys themselves would be free but there would be a fixed annual fee, for example £10 or £20. In effect, this would be like having an annual very low cost season ticket valid on all buses. Based on current usage, annual savings could be up to £13 million with a £10 charge and proportionately more for higher charges. Excluding disabled bus pass holders from the requirement to pay a charge would reduce savings by about 10%.

The Scottish Government does not favour either of these two options because they would not be consistent with the commitment set out in the Programme for Government 2016-17 to provide free bus travel for older and disabled persons. Option 1 could additionally lengthen boarding times and Option 2 would require new administrative arrangements, for example to issue reminders and process forms.

3 Restricting use of a bus pass during peak travel times.

Limiting the use of the bus pass to off-peak travel might save costs by encouraging people to travel at times when bus services tend to be less busy. This can reduce costs for bus operators and possibly alleviate overcrowding at peak times. However savings might be limited if people simply travel at different times and there could be delays to boarding times if disagreements arise over whether a journey is peak or off peak.

4 Having a cap on the value of individual journeys which can be free.

For example, all journeys made in a year up to an overall limit, such as £250, would be free. Travellers would have to pay for any additional journeys beyond this point until the end of the year. The level of savings would depend on the limit set but such an arrangement would allow costs to be controlled without the need for the present reimbursement capping arrangements. However new systems would be required to administer such an arrangement, including enabling passengers to tell easily how much travel they were still entitled to.

The Scottish Government is not minded to pursue either of these options at this time given the potential implementation and operational issues.

You may wish to use the box below to provide comments on these or any other way in which you believe the long-term sustainability of concessionary travel could be achieved, as well as other comments you may wish to make for improvements to the scheme.

My comments:

Local Bus Services and Smart Ticketing Consultations

1. INTRODUCTION

- 1.1 This report provides the Board with an update on the launch of two consultations: 'Local Bus Services in Scotland – Improving the Framework for Delivery'¹ and one concerning smart ticketing: 'The Future of Smart Ticketing in Scotland'² on 13th September 2017.

2. CONSULTATION

- 2.1 The proximity of publication of consultations has meant that only a holding report can be tabled to the Partnership Board in September. However, Transport Scotland has agreed on 13th September to a short extension to both consultations for us to consider these matters at the Board meeting on 8th December. The consultation closes on 5th December.

- 2.2 The Local Bus Services in Scotland Consultation recognises that bus patronage is declining in Scotland. The consultation proposes the following:

- Existing sQPs (statutory Quality Partnerships) are not as flexible as they should be and future needs for bus services should be developed with operators. Proposals for more integrated, genuine partnership-focused 'Service Improvement Partnerships' (SIP) are proposed based on a joint review of the local bus service network;
- QCs (Quality Contracts), as a form of franchising, are considered over complex and resource intensive. A more flexible, simpler and more customised approach to franchising which can be used for smaller scale scenarios such as routes and small networks is considered. One possible process highlighted is based on the principles of an Outline Business Case (OBC) to identify a preferred option which evidence regarding the costs and benefits. Approval for a local franchise is then carried out by an independent panel, by Scottish Ministers or by another individual such as the Traffic Commissioner.
- In order to clarify the powers of transport authorities who wish to run bus services, it is proposed to legislate to enable them to be able to run bus services directly and/or to be able to set arms-length companies (i.e. Lothian Buses).

¹ <https://consult.scotland.gov.uk/transport-scotland/improving-bus-services>

² <https://consult.scotland.gov.uk/transport-scotland/smart-ticketing-in-scotland>

- Clear, high quality and up to date information is essential for the smooth running of bus services. The consultation paper proposes to make provision to require the operators of local services to provide information on routes, timetables, punctuality and fares for public access, in order to ensure consistency of approach and opportunities for innovative developments in both use and access to information. A central data hub or 'one-stop-shop', available to third parties is proposed along with legislation to ensure that authorities have the power to obtain the information about revenue and patronage of services being deregistered where required.

Consultation questions are available in **Annex 1**.

2.3 The Future of Smart Ticketing in Scotland Consultation is based on the assumption that legislation may be necessary to achieve full operator participation in national and regional smart ticketing schemes and that some form of recognised and formalised governance may be necessary to support this on an on-going basis. In line with Transport Scotland's Smart Ticketing Delivery Strategy (2012), it is proposed that:

- there is an agreed common infrastructure in place, adopted by all participating operators and, secondly, a consistent, simple and easy to use customer offering;
- there then needs to be a means of ensuring that integrity and relevance of national and key regional smart ticketing schemes is maintained and an orderly and planned migration in due course to more advanced technologies as these emerge;

Consultation questions are available in **Annex 2**.

3. CONCLUSIONS/RECOMMENDATIONS

3.1 Members are invited to submit their comments to SEStran Officers for collation by the 24th of November. Following this, SEStran Officers will provide a paper and proposed SEStran response at the next Partnership Board on the 8th December.

Catriona Macdonald

Projects Officer

15th September 2017

Policy Implications	To be determined in report to 8th December board.
Financial Implications	To be determined in report to 8th December board.
Equalities Implications	To be determined in report to 8th December board.
Climate Change Implications	To be determined in report to 8th December board.

Annex 1 – Consultant Questions – Local Bus Services in Scotland

Partnerships

Question 1 - Do you think that legislation (either via the existing sQP model or another) is required to secure the benefits of partnership working? Please answer Yes ☐, or No ☐. Please explain your answer to this question:-

Question 2 - Do you feel that statutory Quality Partnerships as defined in the Transport (Scotland) Act 2001 provide the right framework for partnership working? Please answer Yes ☐, or No ☐. Please explain your answer to this question:-

Question 3 – Do you agree with our proposals for Service Improvement Partnerships as outlined in pages 32-35? Please answer Yes ☐, or No ☐. Please explain your answer to this question:-

Question 4 – If a new form of statutory Partnership is introduced, do you agree that statutory Quality Partnerships as defined in the Transport (Scotland) Act 2001 should be replaced (i.e. they would no longer be available as a tool for LTAs)? Please answer Yes ☐, or No ☐. Please explain your answer to this question:-

Local Franchising

Question 5 – Do you think that local authorities should have the power to franchise bus services (either via Quality Contract or another system)? Please answer Yes ☐, No ☐. Please explain your answer to this question:-

Question 6 – Do you think that the existing Quality Contracts require change to make franchising a more viable option? Please answer Yes ☐, or No ☐. Please explain your answer to this question:-

Question 7(a) – Do you think that there should be any consent mechanism for an authority to begin the process of assessment for franchising? Please answer Yes ☐, or No ☐. Please explain your answer to this question:-

Question 7(b) – Do you think that there should be a requirement for independent audit of the business case for franchising? Please answer Yes ☐, or No ☐. Please explain your answer to this question:-

Question 7(c) – Do you think that there should be an approval process beyond that of the local authority itself, before franchising can take place? Please answer Yes ☐, or No ☐. Please explain your answer to this question including (if yes) what kind of approval process:-

Transport Authority Run Bus Services

Question 8(a) – Do you think that transport authorities (including ‘model III’ RTPs) should be able to directly run bus services? Please answer Yes ☐, No ☐. Please explain your answer to this question:-

Question 8(b) – Please describe the circumstances in which this might be appropriate:-

Question 8(c) – What, if any, safeguards do you think should be put in place to ensure that no operator has an unfair advantage in a deregulated market? Please explain your answer to this question:-

Question 9(a) – Do you think that transport authorities (including ‘model III’ RTPs) should be able to set up arm’s length bus companies to operate local bus services? Please answer Yes ☐, No ☐. Please explain your answer to this question:-

Question 9(b) – Please describe the circumstances in which this might be appropriate:-

Question 9(c) – What if any safeguards do you think should be put in place to ensure that no operator has an unfair advantage in a deregulated market?

Question 9(d) – What, if any, checks and balances do you think should be put in place for a transport authority looking to set up an arms’ length company to run buses? Please explain your answer to this question.

Open Data

Question 10 – Do you agree with our proposals to require the operators of local services to release open data on routes, timetables, punctuality and fares in a specified format? Please answer Yes ☐, No ☐. Please explain your answer to this question:-

Question 11 (a) – Do you think that data provided by operators should be stored in a central data hub? Please answer Yes ☐, or No ☐. Please explain your answer to this question:-

Question 11(b) – if you do not support the use of a central data hub how do you think data should be stored/ made available? :-

Question 12 – Do you support proposals for transport authorities to have the power to obtain, information about revenue and patronage of services being deregistered, and where appropriate disclose this as part of a tendering process? Please answer Yes ☐, or No ☐. Please explain your answer to this question:-

Other

Question 13 – Please provide any other comments or proposals around the regulation of bus services in Scotland that were not covered in the above questions.

Question 14 - Are there any likely impacts the proposals contained within this consultation may have on particular groups of people, with reference to the 'protected characteristics' listed above? Please answer Yes ☐, No ☐. Please be as specific as possible:-

Question 15 - Do you think the proposals contained within this consultation may have any additional implications on the safety of children and young people? If yes, what would these implications be? Please answer Yes ☐, No ☐. Please be as specific as possible:-

Question 16 - Do you think the proposals contained in this consultation are likely to increase or reduce the costs and burdens placed on any sector? Please answer Yes ☐, No ☐. Please be as specific as possible:-

Question 17 - Are there any likely impacts the proposals contained in this consultation may have upon the privacy of individuals? Please answer Yes ☐, No ☐. Please be as specific as possible:-

Question 18 - Are there any likely impacts the proposals contained in this consultation may have upon the environment? Please answer Yes ☐, No ☐. Please be as specific as possible:-

Annex 2 – Consultant Questions – The Future of Smart Ticketing in Scotland

Do you think our intention to have a consistent smart payment option available across Scotland and on all main public transport modes would promote use of public transport in Scotland? Yes ☐ No ☐ Please explain your answer.

Do you agree that the scope of smart ticketing should – for now – be limited to the modes and services outlined above? Yes ☐ No ☐ Please explain your answer.

Question 3 - epurse

a) Are you in favour of a clearly defined national epurse scheme? Yes ☐ No ☐

b) Should all relevant bus, rail, ferry, tram and subway operators be expected to participate in a national epurse scheme? Yes ☐ No ☐

c) Should participation in a national epurse scheme be monitored and controlled? Yes ☐ No ☐

d) Should sanctions be imposed for non-compliance in a national epurse scheme? Yes ☐ No ☐ Please explain your answers.

Question 4

a) Are you in favour of a clearly defined multi-modal, multi operator regional smart ticketing scheme? Yes ☐ No ☐

b) Should all relevant bus, rail, ferry, tram and subway operators be expected to participate in a multimodal, multi operator regional smart ticketing scheme? Yes ☐ No ☐

c) Should participation in a multimodal, multi operator regional smart ticketing scheme be monitored and controlled? Yes ☐ No ☐

d) Should sanctions be imposed for non-compliance in a multi-modal, multi operator regional smart ticketing scheme? Yes ☐ No ☐ Please explain your answers.

Question 5

Are you in favour of new legislation that requires transport operators to participate in national and regional smart ticketing schemes? Yes ☐ No ☐

Please explain your answer.

Question 6

To ensure delivery of a consistent approach to meet the expectations of passengers now and in the future, should we establish a single governance group so that the technology implemented across Scotland for smart ticketing schemes is controlled?

Yes ☐ No ☐

Should such a governance group be established formally and supported by legislation? Yes ☐ No ☐

Should such a governance group have a role in advising on development, implementation or administration of smart ticketing schemes? Yes ☐ No ☐

Are there any other areas that a governance group should have a role in? Yes ☐ No ☐
☐ Please explain your answers.

Question 7

Do you have any other comments about any of the issues raised in this consultation? Yes ☐ No ☐ If so, please use the box below to provide details.

Question – Equality Impacts

Are there any likely impacts the proposals contained within this Consultation may have on particular groups of people, with reference to the ‘protected characteristics’ listed above? Please be as specific as possible.

Question – Children and young people

Do you think the proposals contained within this Consultation may have any additional implications on the safety of children and young people?

Question – Business impacts

Do you think the proposals contained in this Consultation are likely to increase or reduce the costs and burdens placed on any sector? Please be as specific as possible.

Question – Privacy impacts

Are there any likely impacts the proposals contained in this Consultation may have upon the privacy of individuals? Please be as specific as possible.

Programme for Government 2017-18

1. PURPOSE

- 1.1 The paper provides a summary of the main legislative proposals, other policy actions and initiatives outlined in the Scottish Government's Programme for Government¹ (PfG) 2017-18 published on 5 September 2017.

2. LEGISLATION

- 2.1 The Scottish Government has proposed to introduce in the 2017-18 Parliamentary session a number of bills on transport and wider corporate issues, of relevance to SEStran.
- 2.2 Firstly, a new Climate Change Bill which will respond to the historic Paris Agreement by setting more ambitious targets to reduce greenhouse gas emissions. The Bill will increase transparency, demonstrate our commitment to sustainable economic growth and signal to the international community that Scotland is the place to do low carbon business. The consultation response to the Bill is on the meeting agenda.
- 2.3 A new Transport Bill will contain provisions on smart ticketing on public transport in Scotland and to tackle obstructive and inconsiderate parking. It will also enhance and improve the role of the Scottish Road Works Commissioner and the wider regulation of road works. The legislation will also provide local transport authorities with improved options to influence the provision of bus services in their area to better meet local needs, through partnerships with operators, franchising or running their own services. There is no mention at present of RTPs in this context or adding these powers to the 2005 Act list which could be exercised by more than one authority in partnership through an RTP.
- 2.4 A further Planning Bill will respond to the independent review of the planning system. The Bill will ensure a greater focus on delivering the development Scotland needs with the infrastructure to support it. The proposal is for a simpler, more effective system of development plans to set a clear view of how areas will develop in future.
- 2.5 The last Bill in the 2017-18 session of direct relevance to the South East of Scotland Transport Partnership, is the Gender Balance on Public Boards Bill, which will require that positive action is taken to redress gender imbalances on public sector boards and ensure that women are properly represented on Scotland's public boards.

¹ <http://www.gov.scot/Resource/0052/00524214.pdf>

3. NATIONAL PERFORMANCE FRAMEWORK

- 3.1 The Programme for Government reaffirms the Scottish Government's commitment to putting the renewal of the National Performance Framework outcomes approach into legislation through the Community Empowerment (Scotland) Act 2015. The PfG outlines the targeted discussion which was undertaken in early 2017 and to which we responded with our views on the current NPF and national outcomes. This consultation, alongside the Fairer and Healthier Scotland conversations, has provided consultative material for a new set of proposed national outcomes for Scotland. The national outcomes review, as stated by Scottish Government previously, will provide the opportunity to embed the UN Sustainable Development Goals in the NPF, with many of these goals highly relevant to our own transport, climate and equality duties.

4. INITIATIVES

- 4.1 The PfG outlines a new ambition for a low carbon economy centred around significant growth, investment and innovation of ultra- low emission vehicles, with a target to phase out the need for petrol and diesel vehicles by 2032. To support this there will be an expansion of electric charging infrastructure between now and 2022 in rural, urban and domestic settings. This fits well with our recent discussions with City of Edinburgh Council around their proposed EV charging network proposals. The associated economic initiatives also include the establishment of a National Investment Bank to support infrastructure investment. Alongside the Climate Change Bill, the third report on Policies and Proposals will be published in early 2018 to provide certainty to businesses and investors. Government also intends to stimulate procurement of ULEVs across the economy, increase test pilots for private motorist to trial ULEVs and provide finance for local solutions and small scale research and development.
- 4.2 The Scottish Government have also stated an intention to establish a "Just Transition" Commission to advise Scottish Ministers on adjusting to a more resource-efficient and sustainable model in a fair way which will help tackle inequality and poverty, and promote a fair and inclusive jobs market. This chimes with the rationale for us to seek the socio-economic duty from Scottish Ministers and some of our concerns around the potential socio-economic exclusion of lower income groups from ULEV transition. The PfG also highlights the impact of pollution on health, not least more vulnerable groups such as the young and old.
- 4.3 There will be a final Energy Strategy published by the end of the year, as well as an Innovation Fund to deliver solutions such as battery storage and EV charging across Scotland. There is also mention of CAN DO innovation funding, which we recently unsuccessfully applied for to further develop the Thistle Assistance Card/App. There is also an enhancement on the 2016-17 PfG proposal for the first Low Emission Zone (LEZ) with a commitment to introduce LEZs in the four biggest cities by 2020 and into all other Air Quality Management Areas by 2023, where the National Low Emissions

Framework appraisals advocate such mitigation. There will be an Air Quality Fund established and an Engine Retrofitting Centre in Scotland as part of the LEZ implementation process.

- 4.4 The proposal for developing a programme to address 4G mobile coverage ‘hot spots’ by 2021 is welcome in terms of the use of mobile apps and Real Time Passenger Information systems. This is welcome for residents and visitors alike. On tourism, there are proposals to develop sustainable tourism action plans. The PfG also outlines the proposals for Regional Partnerships to work with Government to make the most effective use of existing city deal investment to tackle labour market challenges and skills shortages. There are commitments to secure deals for Clackmannanshire within our area and Tay Cities on the northern edge of our region.
- 4.5 Following the publication of the Scottish Consumer strategic assessment in Summer 2016, Scottish Government previously asked Transport Focus to undertake work looking at consumer advocacy and redress across transport services. The PfG outlines the intention to publish a consultation on how best to deliver the optimal approach to consumer protection and competition in Scotland so that real benefits can be delivered to consumers and businesses.
- 4.6 In terms of Active Travel, from 2018-19 investment will double from £40m to £80m per year. There will be an appointment of an Active Nation Commissioner to ensure delivery of world-class active travel infrastructure across Scotland. There will be an increased promotion of e-bikes, which fits well with the proposal for a regional e-bike scheme through our Grants scheme and also a recently submitted proposal for a further EU Interreg project. There will also be support for projects which help older people access active travel networks. The PfG also proposes to embed children’s rights within Scottish society and this provides us with an opportunity to build on our co-design work with Young Scot to progress some transport actions to promote their well-being.
- 4.7 The PfG also highlights that the five largest bus operators, covering 74% of journeys, have already introduced multi-operator smart ticketing in cities and Edinburgh is set to follow in early 2018. There is also a commitment for continued work to deliver a national ‘e-purse’ system for use on Saltirecards allowing cash free travel on public transport across Scotland. The National Concessionary Scheme is stated will continue to provide free travel to those who need it most, ensuring the scheme is sustainable in the longer term. There is also a commitment to pilot free bus travel for Modern Apprentices. The PfG in later pages, outlines a commitment to begin to implement the recommendations of the Independent Advisor on Poverty and Inequality. Some of the recommendations related to intergenerational equity and the issues of free travel for older people and the lack of similar equality for young people to improve their life chances.

- 4.8 With a greater corporate focus, the PfG outlines the Government's commitment to ensure that the Scottish public sector is resilient to cyber threats. The Performance and Audit Committee has considered our proposed response to the Action Plan for Scotland and the Cyber Essentials accreditation, all public authorities will need to achieve. The PfG also outlines a commitment to remove the 1% pay cap from 2018-19.
- 4.9 In terms of road safety, there is a continuing "zero vision" for road deaths, support for the member's bill on Seat Belts on School Transport, with expected implementation in 2018. The Government also intend to commence, once enabling legislation is in place, a new drug driving offence to come into force in 2019. In terms of general transport safety, the review of Hate Crime legislation and other actions associated with independent advice on Hate Crime, will have implications for the work we are proposing with stakeholders on a Regional Hate Crime on Transport Charter and potential reporting mechanisms.
- 4.10 The PfG also outlines the desire to set overarching public health priorities with local government to direct improvement across Scotland and establish a new, single, national population health improvement body by 2019. This could have implications for Active Travel policy/delivery. There is also a commitment to supporting the Rural Mental Health Forum which has potential linkages to transport accessibility and responsive mobility solutions.
- 4.11 Alongside the proposal for a new Planning Bill, the PfG outlines a commitment to review the National Planning Framework and strengthen its alignment with wider strategies and programmes. Examples being the second National Transport Strategy and the work to be commenced on the Strategic Transport Projects Review as outlined in the PfG.
- 4.12 The PfG also outlines a continued commitment to empowering communities and the importance of regional decision-making. There is a commitment to work with a number of stakeholders, including regional partnerships, to continue to reform the way Scotland is governed, focussing on delivering local decision making, not on behalf of a community, but by a community itself. As part of this commitment, a specific action is to decentralise power to a more local level in Scotland and launch a comprehensive review of local governance ahead of a Local Democracy Bill later in this Parliamentary term.
- 4.13 The PfG reiterates the Government's commitment to implement the socio-economic duty in the Equality Act by the end of 2017. The duty will place a requirement on key parts of the public sector, including Scottish Ministers, to have due regard to reducing the inequalities caused by socio-economic disadvantage when taking strategic decisions. We have received support from SCOTS, COSLA and the Equality and Human Rights Commission Scotland for RTPs to be included within the duty.

5. RECOMMENDATION

- 5.1 The Board is invited to note the summary provided of the Scottish Government's Programme for Government 2017-18 and that further papers will be brought to the Partnership Board as appropriate on emerging legislation and initiatives.

George Eckton
Partnership Director
 15 September 2016

Policy Implications	A significant number of transport-related policy initiatives will be implemented over 2016-17 Parliamentary term. Including the first major transport legislation since the 2005 Act
Financial Implications	The potential cost of Cyber Security and removal of the 1% pay cap will have implications
Equalities Implications	There will be implications from a new duty on Gender Balance on the Board in 2017-18 and also the potential new socio-economic duty if enacted on RTPs.
Climate Change Implications	Proposal for a new Climate Change legislation and plans will have implications for the currency of the RTS and any future RTS developed.