

**PERFORMANCE & AUDIT COMMITTEE MEETING**

**HELD IN MANDELA ROOM, CITY CHAMBERS, EDINBURGH, EH1 1YJ
ON FRIDAY, 8 MARCH 2019
10.00 A.M.**

PRESENT:	<u>Name</u>	<u>Organisation Title</u>
	Councillor Imrie (in the Chair)	Midlothian Council
	Councillor Dempsey	Fife Council
	Councillor Fullarton	Scottish Borders Council
	Councillor Horne	West Lothian Council
	Simon Hindshaw	Non-Councillor Member
	Barry Turner	Non-Councillor Member
	Doreen Steele	Non-Councillor Member

IN ATTENDANCE:	<u>Name</u>	<u>Organisation Title</u>
	Saima Afzal	City of Edinburgh Council
	Jim Grieve	SEStran
	Gavin King	City of Edinburgh Council
	Stuart Johnston	City of Edinburgh Council
	Karen Jones	Scott Moncrieff
	Lesley Newdall	City of Edinburgh Council
	Iain Shaw	City of Edinburgh Council
	Julie Vinders	SEStran

Action by**A1. ORDER OF BUSINESS**

It was confirmed that an additional item would be considered at the end of the agenda in relation to the Partnership Director post, and that the reports for item 5 would now be taken after item 10.

A2. APOLOGIES

Apologies were received from Councillors Balsillie, Murtagh, and Watson. Callum Hay.

A3. DECLARATIONS OF INTERESTS

None.

A4. MINUTES**Decision**

- 1) To approve the minute of 16 November 2018 as a correct

record.

- 2) To note the clarification note tabled at the meeting on the pension deficit risk (attached as Appendix 1 to the minute).
- 3) To request that officers explore the possibility of preparing an actions log for future meetings.

A5. FINANCE REPORTS

(a) Revenue Budget 2019/20

Details were provided of the revenue budget for 2019/20 for review by the Committee.

Decision

- 1) To note the report.
- 2) To note the anticipated recommendations to the Partnership Board meeting on 22 March 2019.
- 3) To request that reference be incorporated to the report for the Partnership Board to clarify that, whilst it was a standstill budget, it was a real terms reduction due to inflationary pressures.

(b) Annual Treasury Strategy

Details were provided on the proposed Investment Strategy for 2019/20.

Decision

To refer the Strategy to the Partnership Board to approve the continuation of the current arrangement outlined in Appendix 1 of the report.

A6. Draft Business Plan 2019/20

The first draft of SEStran's Business Plan for 2019/20 was submitted.

There was a wide-ranging discussion with a number of proposed amendments/additions put forward. The following key points emerged:

- To include details of the City Deals and the role SEStran would play in these.
- To replace the symbol for the corporate heading.

- To incorporate the headings at the top of each page.
- To include an “outcomes and impacts” section.
- To amend the objectives to be firmer with details of tangible deliverables.
- To update the staff organisational chart to reflect the current vacancy held in the team.

Decision

- 1) To note the Draft Business Plan 2019/20 attached to the report.
- 2) To agree the Draft Business Plan 2019/20 be updated to take cognisance of comments made by members at the meeting.

A7. Projects Performance

An update was provided on the progress and timeframe for the SEStran projects.

Decision

- 1) To note the progress of the SEStran projects.
- 2) To request that more emphasis on outcomes be incorporated to future iterations of the progress report.

A8 HR Policy Review

An update was provided on the review of Human Resources policies and procedures that commenced in November 2018. The Review was carried out in conjunction with SEStran’s Human Resources Adviser and was concluded for the 2019/20 financial year.

Committee expressed concern at the proposal to reduce the notice period of 12 weeks for the Partnership Director.

Decision

- 1) To approve the updated policies for Incident Reporting and Travel and Subsistence.
- 2) To agree to continue consideration of the Statement of Particulars policy until the next meeting of the Performance and Audit Committee.
- 3) To explore the possibility of modernising the language of the SEStran policies and creating separate guidance, and to note that the City of Edinburgh Council would supply its template for information.

A9. Cyber Essentials

Committee considered a report which provided an update on the Cyber Resilience project.

Decision

To note the report.

A10. AUDIT PLANS

(a) Internal Audit

An update on the outcomes of the 2018/19 SEStran Internal Audit was provided.

In response to a query, it was clarified that the findings classification were as follows:

- * Long term – a period of one year or more
- ** Medium term – a period of 3 to 12 months
- *** Short term – a period of 1 to 3 months

Decision

- 1) To note the outcomes of the 2018/19 Internal Audit review.
- 2) To confirm that Internal Audit assurance in 2019/20 should focus on the adequacy and effectiveness of the framework supporting development of the Regional Transport Strategy.
- 3) To approve the Internal Audit recommendation that the Committee and Board should place reliance on the collective outcomes of the annual Internal Audit review and assurance reviews completed by external assurance providers, with no requirement for an Internal Audit opinion.

(b) External Audit Plan 2018/19

Committee considered the External Audit Plan for 2018/19 and were advised that all the actions proposed last year were working in practice.

Decision

- 1) To note the External Audit Plan for 2018/19.
- 2) To agree to remove the reference to the 10 year Regional Transport Strategy (2015-2025) being refreshed in 2019, prior to Plan being submitted to the Partnership Board for consideration.

A11. Partnership Director – Secondment Opportunity

Details were provided on a proposal to advertise the Partnership Director post on an internal secondment basis.

Decision

To approve the advertisement of the Partnership Director post on an internal secondment basis, for an initial period of 12 months, and that a report be presented to the Partnership Board on 22 March on these terms.

A12. DATE OF NEXT MEETING

10:00am on Friday 7 June 2019 in the Mandela Room, City Chambers, Edinburgh, EH1 1YJ.

Clarification Note – Pension Deficit Risk

1. Introduction

- 1.1 At Performance and Audit Committee on 16th November 2018, the minute of the Performance and Audit Committee of 7th September was approved, subject to further clarity around the pension deficit risks and how they would be mitigated being made more explicit.

2. Clarification

- 2.1 The Pension deficit shows the present value of the liability to meet future benefits earned by past and current employees and the resources the Partnership has set aside to meet them. The deficit at 31st March 2018 included in the Audited Annual Accounts was £662,000.
- 2.2 The Partnership is an admitted body of Lothian Pension Fund. The Partnership's contribution rates to Lothian Pension Fund are subject to an actuarial review on a three-year basis. Following actuarial review, Pension Fund contribution rates are set to meet forecast future benefits earned by past and current employees and address any previous service deficit.
- 2.3 The statutory arrangements, whereby ongoing Regional Transport Partnership grant funding is provided by Scottish Ministers under Section 70 of the Transport (Scotland) Act 2001 and the obligation of constituent councils to meet the net expenses of the Partnership under Section 3 of the Transport (Scotland) Act 2005 provides mitigation for the Partnership to ensure that funding will be set aside to enable future contributions to be paid to Lothian Pension Fund as future benefits come to be paid.

3 Recommendations

It is recommended the Performance and Audit Committee note this clarification.

Hugh Dunn
Treasurer
8th March 2019

Policy Implications	There are no policy implications arising as a result of this report.
Financial Implications	Financial implications are set out in Section 5 of this report.
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.