



PERFORMANCE & AUDIT COMMITTEE

Mandela Room, City Chambers, Edinburgh, EH1 1YJ
Friday 7th June 2019 – 10:00am

AGENDA

	Page Nos.
1. ORDER OF BUSINESS	
2. APOLOGIES	
3. DECLARATIONS OF INTEREST	
4. MINUTES OF THE P&A COMMITTEE	
(a) 3 rd May 2019 (Special Meeting)	2
(b) Friday 8 th March 2019	4
5. FINANCE REPORTS – Reports by Hugh Dunn, Treasurer	
(a) Unaudited Annual Accounts 2018/19	10
(b) Annual Treasury Strategy	57
6. RISK MANAGEMENT REPORT – Report by Angela Chambers	59
7. PROJECTS PERFORMANCE – Report by Jim Grieve	68
8. DATE OF NEXT MEETING	
The date of the next meeting has been scheduled for 10:00am on Friday 6th September 2019, Mandela Room, City Chambers, Edinburgh, EH1 1YJ	

Gavin King
Secretary to SESTRAN
Democracy, Governance and Resilience Senior Manager
Strategy & Insight Division
The City of Edinburgh Council
Waverley Court 2.1
Edinburgh
EH8 8BG

1st June 2019

Telephone: 0131 529 4239 or E-mail: gavin.king@edinburgh.gov.uk
Agendas and papers for all SEStran meetings can be accessed on www.sestran.gov.uk



PERFORMANCE & AUDIT COMMITTEE SPECIAL MEETING

**HELD IN MANDELA ROOM, CITY CHAMBERS, EDINBURGH, EH1 1YJ
ON FRIDAY, 3 MAY 2019
10.00 A.M.**

PRESENT:	<u>Name</u>	<u>Organisation Title</u>
	Councillor Imrie (in the Chair)	Midlothian Council
	Councillor Balsillie	Clackmannanshire Council
	Councillor Edgar (substitute)	Scottish Borders Council
	Councillor Fullarton	Scottish Borders Council
	Councillor Horne (tele conf)	West Lothian Council
	Councillor Murtagh (tele conf)	Falkirk Council
	Simon Hindshaw (tele conf)	Non-Councillor Member

IN ATTENDANCE:	<u>Name</u>	<u>Organisation Title</u>
	Angela Chambers	SEStran
	Stuart Johnston	City of Edinburgh Council
	Iain Shaw	City of Edinburgh Council

Action by

A1. ORDER OF BUSINESS

It was confirmed that there was no change to the order of business.

A2. APOLOGIES

Apologies were received from Councillor Dempsey, Callum Hay, Karen Jones, and Lesley Newdall.

A3. DECLARATION OF INTERESTS

None.

A4. APPOINTMENT OF PARTNERSHIP DIRECTOR

The Committee considered a report which outlined the recruitment process which had taken place, following the decision of the Partnership Board to advertise the post of Partnership Director on an internal secondment opportunity, and approval was sought to appoint Jim Grieve to the post.

Decision

To approve the recommendation of the Appointments Sub-Committee and appoint Jim Grieve as Partnership Director on an internal secondment basis, for a period of 23 months, and that the situation should be reviewed at that point.

A5. DATE OF NEXT MEETING

Friday 7 June 2019 at 10.00am in the Mandela Room, City Chambers, Edinburgh, EH1 1YJ

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.

UNAUDITED ANNUAL ACCOUNTS 2018/19

1 Introduction

The purpose of this report is to present the unaudited Annual Accounts for the year ended 31st March, 2019.

2 Main Report

- 2.1 The unaudited Annual Accounts are submitted to the Partnership in accordance with the Local Authority Accounts (Scotland) Regulations 2014. The accounts are subject to audit and the audited Annual Accounts, incorporating the Auditor's report, will be presented to the Performance and Audit Committee and Partnership Board in due course.
- 2.2 The Treasurer's opinion on the effectiveness of the Partnership's system of internal financial control is provided within the Annual Governance Statement on pages 6 to 8. The Treasurer's opinion is informed by the work of Internal Audit and managers in the Partnership.
- 2.3 The Management Commentary is on pages 2 to 4 of the Annual Accounts and this highlights key aspect of financial performance during the year.

3 Recommendations

It is recommended that the Performance and Audit Committee:

- (i) note the unaudited Annual Accounts for 2018/19 and refer the Unaudited Accounts to the Partnership Board for review;
- (ii) notes that the audited Annual Accounts, incorporating the Auditor's report, will be presented to the Performance and Audit Committee and Partnership Board in due course.

Hugh Dunn
Treasurer
June 2019

Appendices

Unaudited Annual Accounts 2018/19

Contact/tel/e-mail

Iain Shaw: 0131 469 3117 iain.shaw@edinburgh.gov.uk

Policy Implications	n/a
Financial Implications	n/a
Race Equalities Implications	n/a
Gender Equalities	n/a
Disability Equalities Implications	n/a
Climate Change Implications	n/a

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

**Unaudited
Annual Accounts**

2018/2019

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;	
<i>1. Movement in Reserves Statement for the year ended 31st March 2019</i>	11
<i>2. Comprehensive Income & Expenditure Statement for the year ended 31st March 2019</i>	12
<i>3. Balance Sheet as at 31st March 2019</i>	13
<i>4. Cash Flow Statement for the year ended 31st March 2019</i>	14
Statement of Accounting Policies	15-18
Notes to the Annual Accounts	19-44

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary

1. Basis of Accounts

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

2. Statutory Background

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

3. Corporate Strategy

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

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

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

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

SEStran’s Vision Statement is as follows:

“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. 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 (*continued*)

5. Results for the Year (*continued*)

The net revenue budget of the Partnership in 2018/19 was £0.972m, funded by Government Grant and Council Contributions. A comparison of the outturn position with the revenue budget is presented in the table below. Key aspects of financial performance in 2018/19 are:

- Overall the Partnership had an underspend of £40,000. This is shown in the table below as a reduced Constituent Council requisition. The underspend arose due to a combination of core revenue budget and project budget underspends, offset by additional costs incurred on the RTPI project.
- The Partnership incurred core service expenditure of £0.544m which was £13,000 above the revised Core Service revenue budget. This overspend mainly reflected increased expenditure on staff costs and was funded by an underspend on the Projects revenue budget.
- The Partnership incurred expenditure of £0.609m on revenue projects and received external grants and contributions of £0.306m, resulting in net expenditure of £0.303m. Net expenditure was £72,000 under budget. The main favourable variance on the Projects revenue budget arose on the Sustainable and Active Travel grants programme.
- Expenditure of £0.115m on the Real-Time Passenger Information (RTPI) project was partly funded by income of £29,000 from bus operators, resulting in net expenditure of £86,000. Net expenditure was £20,000 in excess of budget.

	Revised Budget	Outturn	Variance
	£'000	£'000	£'000
Core Service	531	544	13
Revenue Projects - Net Expenditure	375	303	(72)
RTPI Project - Net Expenditure	66	86	20
Net Interest	0	(1)	(1)
Total Expenditure 2018/19	972	932	(40)
Government Grant	(782)	(782)	0
Constituent Council Requisitions	(190)	(150)	40
Total Government Grant and Council Contributions 2018/19	(972)	(932)	40

Non Financial Results

- The Regional Cycle Network Grant Scheme (RCNGS) funded the Edinburgh BioQuarter to develop detailed designs for the active travel corridor between Cameron Toll and The BioQuarter site. Designs were prepared in order to enable engagement with the public and progress the project further.
- Further funding from Sustrans allowed feasibility studies investigating active travel options for Winchburgh to Kirkliston, The Wisp to Sheriffhall Roundabout, and Buckhaven to Kirkcaldy to be progressed.
- GO e-Bike secured further funding from the Low Carbon Travel and Transport Fund to develop six further hubs to pilots developed in 2017/18. The hubs will be delivered in East Lothian, Edinburgh, Midlothian, and Scottish Borders. A summary report of the first year of the project was produced in partnership with Combined Mobility Uk (COMOUK).

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Results for the Year (*continued*)

Non Financial Results (*continued*)

- The collective Regional Transport Partnerships were successful in securing further active travel funding from Transport Scotland in November 2018. Projects proposed will look at feasibility studies in Midlothian along the A701 corridor, in Falkirk along the A9 corridor in partnership with Tactran, and design visualisations in East Lothian encompassing a number of settlements. These projects will conclude in June 2019.
- The Partnership finalised its Mainstreaming Equalities and Equalities Outcomes Progress Report, which was published in April 2019 and continues to work with organisations including Equate Scotland, Inclusion Scotland and Disability Equalities Scotland.
- SHARE-North funding was used to support the implementation of Go eBike. To promote ridesharing, the Partnership commissioned regional TV station STV to air advertisements promoting TripshareSEStran.com. SHARE-North funding was also used in a grant offer to Edinburgh College to expand their electric vehicle fleet, fit data logging devices and install charging infrastructure.
- As part of REGIO-Mob, the Partnership has been working with St Andrews University to measure the health benefits of the GO e-Bike scheme, using a research methodology presented as best practice by the Italian lead partner. The findings of this research will be incorporated into an electric vehicle strategy, which will form part of the Regional Transport Strategy.
- As part of the SURFLOGH project, the Partnership funded the adaption of e-cargo bikes to develop a pilot trial with ZEDIFY logistics focussing on last mile/first mile sustainable small package deliveries in the centre of Edinburgh.
- As part of the BLING project, the Partnership worked on the development of a pilot using BLOCKCHAIN technology with the University of Edinburgh, the technology aims to develop a real world application for the movement of small goods using smart contacts and geo-location equipment.
- The Partnership continued to make provision for ongoing maintenance of the Real Time Passenger Information system.

6. Future Developments

In view of the available level of funding, the challenge to deliver the full Regional Transport Strategy (RTS) continues. It remains the Partnership's intention to carry out a full re-write of the RTS, given the pace of change in terms of legislation and ongoing development of policies at both a national and a local level. Work on this will begin during 2019/20, commencing with a review phase and procurement of consultancy services to develop a main issues report.

The Partnership is working with the local authorities to develop an Electric Vehicle Strategy (EVS) for the region, to help address the barriers to the large-scale electric vehicle uptake and challenges faced by local authorities when implementing electric vehicle charging infrastructure. The EVS will form an integral part of the new RTS.

A new Interreg Europe project, called PriMaaS, aims to promote the concept of 'Mobility as a Service' by integrating traditional collective transport modes and create equitable mobility services focused on citizens' needs. The Joint Secretariat has approved the project application subject to a few conditions. The Partnership is working with the lead partner, the University of Aveiro, to clarify these conditions. Once fully approved, PriMaaS will officially commence on 1 August 2019.

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

The South East of Scotland Transport Partnership (SESTRAN)

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL 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.

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 2019.

Treasurer: HUGH DUNN, CPFA _____ Date signed: 31st May 2019

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2018/19

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 2015-2025.

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)".

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 2018/19 *(continued)*

2. The Partnership's Governance Framework *(continued)*

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 .

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

- the work of Internal Audit on the adequacy and effectiveness of the Partnership's control environment, governance and risk management frameworks;
- the Partnership Director's Certificate of Assurance on internal control;
- the operation and monitoring of controls by Partnership managers;
- the External Auditors in their Annual Audit Letter and other reports; and
- other inspection agencies comments and reports.

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

- **The Partnership Board**, 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;
- **Internal Audit** provides an independent and objective assurance service to the Partnership, by completing one review in each financial year that is focused on the adequacy and effectiveness of controls established to manage a key risk of the Partnership;

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2018/19 *(continued)*

4. Review of Effectiveness *(continued)*

- **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 Board. This ensures that actions are taken to effectively manage the Partnership's highest risks;
- **The Partnership Secretary** is responsible to the Partnership for ensuring that agreed procedures are followed. The Partnership has a contractual arrangement with an external Legal Services provider to ensure all applicable statutes and regulations are complied with.

5. Update on Significant Governance Issue raised in 2017/18

Following review by the Partnership's External Auditor as part of the 2017/18 Annual Audit, the Partnership amended its invoice payment authorisation process in September 2018. Reports were presented to the Partnership's Performance and Audit Committee and Board in September 2018, detailing full implementation of External Audit recommendations.

6. Internal Audit Opinion

During the year, Internal Audit completed one review that assessed the design adequacy and operating effectiveness of the key controls established to ensure ongoing compliance with GDPR, with focus on progress towards achieving the Scottish Government's Cyber Essentials Plus accreditation and existing operational technology controls. This resulted in a 'green' minor impact rated finding.

7. 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 2019. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system.

From this year's review, there is reasonable assurance that the Local Code of Corporate Governance is operating adequately, with overall compliance by the Partnership with its corporate governance arrangements.

The South East of Scotland Transport Partnership (SESTRAN)

REMUNERATION REPORT

1. Remuneration Policy for Senior Employees

The Partnership Board determines remuneration for 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 (SJNC) for Local Authority services.

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	2018/19	2017/18
£55,000 - £59,999	0	1
£70,000 - £74,999	1	0
£75,000 - £79,999	0	1
£95,000 - £99,999	1	0

5. Senior Employees Remuneration

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

Name and Post Title	Salary, Fees and Allowances £	Compensation £	Total Remuneration 2018/19 £	Total Remuneration 2017/18 £
George Eckton - Partnership Director to 29/11/18 *	77,794	22,102	99,896	75,904
Jim Grieve - Partnership Director duties **	74,975	0	74,975	22,873
	152,769	22,102	174,871	98,777

* full time equivalent 2018/19 salary - George Eckton (£79,661)

** full time equivalent 2017/18 salary - Jim Grieve (£72,440)

The senior employees detailed above have responsibility for management of the Partnership to the extent that they have 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.

The appointed Partnership Director was absent from service from 8th December 2017. During this time, the duties of the Director's post were undertaken by the Head of Programmes. The Partnership Director subsequently resigned on 29th November 2018. The Partnership's Head of Programmes continued to undertake the duties of the Director's post until his appointment as Partnership Director on 3rd May 2019.

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	
	2018/19 £	2017/18 £		As at 31 March 2019 £'000	Difference from 31 March 2018 £'000
George Eckton - Partnership Director (to 29/11/18)	11,885	17,567	Pension	18	1
			Lump Sum	16	0
	11,885	17,567			

The senior employee shown in the table above is a member of the Local Government Pension Scheme (LGPS). The Partnership makes no pension contributions for Jim Grieve, nor is he in receipt of pension entitlement.

The South East of Scotland Transport Partnership (SESTRAN)

REMUNERATION REPORT *(continued)*

7. Pension Entitlement

Pension benefits for the Partnership's employees are provided through the Local Government Pension Scheme (LGPS).

For the Partnership's employees, the Local Government Pension Scheme (LGPS) became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

The scheme's normal retirement age for employees is linked to the state pension age (but with a minimum of age 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 contributions rates were set at 6% for all non-manual employees.

The tiers and members contributions rates for 2018-19 were as follows:

Whole Time Pay	Contribution rate
On earnings up to and including £21,300 (2017/2018 £20,700)	5.50%
On earnings above £21,300 and up to £26,100 (2017/2018 £20,700 to £25,300)	7.25%
On earnings above £26,100 and up to £35,700 (2017/2018 £25,300 to £34,700)	8.50%
On earnings above £35,700 and up to £47,600 (2017/2018 £34,700 to £46,300)	9.50%
On earnings above £47,600 (2017/2018 £46,300)	12.00%

From April 2015, when allocating contribution rates to members, pensionable pay means the actual pensionable pay, regardless of hours worked.

There is no automatic entitlement to a lump sum for members who joined the scheme post April 2009. Members may opt to give up (commute) pension for lump sum or bigger lump sum up to the limit set by the Finance Act 2004.

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 - assuming that the person left the related employment or service as at 31st March in the year to which the value relates.

8. Exit Packages

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

Exit Package Cost Band	Number of Compulsory Redundancies		Number of Other Agreed Departures		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
							£'000	£'000
£20,001 - £40,000	0	0	1	0	1	0	22	0
	0	0	1	0	1	0	22	0

All information disclosed in the tables at paragraphs 4, 5, 6 and 8 in this Remuneration Report will be audited. The other sections of the Remuneration Report will be reviewed by the appointed auditor to ensure that they are consistent with the annual accounts.

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.

2017/18 - Previous Year Year Comparative

	Usable Reserves		Unusable Reserves	Total Partnership Reserves
	General Fund Balance	Total Usable Reserves		
	£'000	£'000	£'000	£'000
Opening Balances at 1 April 2017	0	0	38	38
Total Comprehensive Expenditure and Income	39	39	(324)	(285)
Adjustments between accounting basis & funding basis under regulations (Note 7)	(39)	(39)	39	0
Increase/Decrease in 2017/18	0	0	(285)	(285)
Balance at 31 March 2018 carried forward	0	0	(247)	(247)

2018/19 - Current Financial Year

	Usable Reserves		Unusable Reserves	Total Partnership Reserves
	General Fund Balance	Total Usable Reserves		
	£'000	£'000	£'000	£'000
Opening Balances at 1 April 2018	0	0	(247)	(247)
Total Comprehensive Expenditure and Income	(117)	(117)	(121)	(238)
Adjustments between accounting basis & funding basis under regulations (Note 7)	117	117	(117)	0
Increase/Decrease in 2018/19	0	0	(238)	(238)
Balance at 31 March 2019 carried forward	0	0	(485)	(485)

The South East of Scotland Transport Partnership (SESTRAN)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2018/19

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.

2017/18				2018/19		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Services	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
573	0	573	Core	689	(1)	688
977	(641)	336	Projects	678	(335)	343
1,550	(641)	909	Cost Of Services	1,367	(336)	1,031
58	(50)	8	Financing & Investment Income (Note 9)	73	(55)	18
0	(956)	(956)	Taxation and Non-Specific Grant Income (Note 10)	0	(932)	(932)
1,608	(1,647)	(39)	(Surplus) or Deficit on Provision of Services	1,440	(1,323)	117
			Other Comprehensive Income and Expenditure			
0	(12)	(12)	Change in Demographic Assumptions	0	0	0
0	(113)	(113)	Change in Financial Assumptions	264	0	264
499	0	499	Other Experience	0	0	0
0	(50)	(50)	Return on Assets excluding amounts included in net interest	0	(143)	(143)
499	(175)	324	Total Other Comprehensive Income and Expenditure	264	(143)	121
2,107	(1,822)	285	Total Comprehensive Income and Expenditure	1,704	(1,466)	238

The South East of Scotland Transport Partnership (SESTRAN)

BALANCE SHEET

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

31 March 2018 £'000		Notes	31 March 2019 £'000
422	Property, plant and equipment	11	352
422	Long term assets		352
464	Short-term debtors	13	514
0	Provision for Bad Debts	14	0
700	Cash and cash equivalents	15	279
1,164	Current assets		793
(27)	Contributions and Grants Received in Advance		(190)
(1,144)	Short-term creditors	16	(609)
(1,171)	Current liabilities		(799)
(662)	Other long-term liabilities (Pensions)	24	(831)
(662)	Long-term liabilities		(831)
(247)	Net assets/ (liabilities)		(485)
	Financed by:		
0	Usable reserves	17	0
(247)	Unusable reserves	18	(485)
(247)	Total reserves		(485)

The unaudited Annual Accounts were issued on the 31st May 2019.

Treasurer: HUGH DUNN, CPFA

Date signed: 31st May 2019

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 2018 £'000	31 March 2018 £'000		31 March 2019 £'000	31 March 2019 £'000
		OPERATING ACTIVITIES		
(782)		Government Grants	(782)	
(190)		Constituent Council Requisitions	(190)	
0		Interest paid/ (received)	(1)	
(354)		Other receipts from operating activities	(396)	
	(1,326)	Cash inflows generated from operating activities		(1,369)
310		Cash paid to and on behalf of employees	481	
215		Cash paid to suppliers of goods and services	1,309	
	525	Cash outflows generated from operating activities		1,790
	(801)	Net cash flows from operating activities		421
		INVESTING ACTIVITIES		
177		Purchase of property, plant and equipment	0	
	177	Net cash flows from investing activities		0
		FINANCING ACTIVITIES		
0		Other receipts from financing activities	0	
	0	Net cash flows from financing activities		0
	(624)	Net(increase)/ decrease in cash and cash equivalents		421
	76	Cash and cash equivalents at the beginning of the reporting period		700
	700	Cash and cash equivalents at the end of the reporting period (Note 15)		279

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 office accommodation transport, ICT, and project expenditure.

1.3 Revenue Income

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

- Council requisitions, which fund day to day expenditure;
- European Union and other grant income awarded to fund specific projects;
- other income recoveries to fund specific projects.

1.4 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.

1.5 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.

1.6 Overheads

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

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

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

The South East of Scotland Transport Partnership (SESTRAN)

1. STATEMENT OF ACCOUNTING POLICIES *(continued)*

1.8 Employee Benefits

Pensions

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

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

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

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

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

Accruals of Holiday Leave

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

1.9 Non Current Assets

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 (*continued*)

1.10 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.

1.11 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.

1.12 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.

1.13 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 (*continued*)

1.14 Cash and Cash Equivalents

Cash and cash equivalents include:

- Credit and debit funds held in banks

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 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.

1.20 Going Concern

It is considered appropriate to adopt a going concern basis for the preparation of the Annual Accounts, given ongoing Regional Transport Partnership grant funding provided by Scottish Ministers under Section 70 of the Transport (Scotland) Act 2001 and constituent councils obligation to meet the net expenses of the Partnership under Section 3 of the Transport (Scotland) Act 2005.

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
2018/19			
Core	544	144	688
Projects	389	(46)	343
Net Cost of Services	933	98	1,031
Other Income and Expenditure			
Government grant	(782)	0	(782)
Constituent council requisitions	(150)	0	(150)
Interest Received	(1)	0	(1)
Net pension interest cost	0	19	19
(Surplus) or deficit on the provision of services	0	117	117
	Net Expenditure Chargeable to the General Fund £'000	Adjustments £'000	Net Expenditure in the CIES £'000
2017/18			
Core	443	130	573
Projects	513	(177)	336
Net Cost of Services	956	(47)	909
Other Income and Expenditure			
Government grant	(782)	0	(782)
Constituent council requisitions	(174)	0	(174)
Net pension interest cost	0	8	8
(Surplus) or deficit on the provision of services	0	(39)	(39)

The South East of Scotland Transport Partnership (SESTRAN)

2. EXPENDITURE AND FUNDING ANALYSIS *(continued)*

Expenditure and Funding Analysis *(continued)*

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 Total Statutory Differences £'000	Adjusts. £'000
2018/19				
Core	116	29	(1)	144
Projects	(46)	0	0	(46)
Net Cost of Services	70	29	(1)	98
Other Income and Expenditure				
Net pension interest cost	0	19	0	19
(Surplus) or deficit on the provision of services	70	48	(1)	117

	Adjusts. For Capital Purposes £'000	Net Change for Pensions Adjusts. £'000	Other Total Statutory Differences £'000	Adjusts. £'000
2017/18				
Core	106	23	1	130
Projects	(177)	0	0	(177)
Net Cost of Services	(71)	23	1	(47)
Other Income and Expenditure				
Net pension interest cost	0	8	0	8
(Surplus) or deficit on the provision of services	(71)	31	1	(39)

- 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 *(continued)*

2.2 Segmental Analysis of Income included in Expenditure and Funding Analysis

2018/19	Core £'000	Projects £'000	Total £'000
Expenditure			
Employee expenses	345	0	345
Other service expenses	200	724	924
Total Expenditure	545	724	1,269
Income			
Government grants and other contribs.	(1)	(335)	(336)
Total Income	(1)	(335)	(336)
Net Cost of Services	544	389	933
2017/18			
Expenditure			
Employee expenses	248	4	252
Other service expenses	195	1,150	1,345
Total Expenditure	443	1,154	1,597
Income			
Government grants and other contribs.	0	(641)	(641)
Total Income	0	(641)	(641)
Net Cost of Services	443	513	956

The South East of Scotland Transport Partnership (SESTRAN)

2. EXPENDITURE AND FUNDING ANALYSIS *(continued)*

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 2019 £'000	31st March 2018 £'000
Expenditure		
Employee expenses	373	277
Other service expenses	875	1,168
Depreciation, amortisation and impairment	119	105
Interest payments	73	58
Total Expenditure	1,440	1,608
Income		
Fees, charges and other service income	0	0
Interest and investment income	(55)	(50)
Income from constituent councils	(150)	(174)
Government grants and other contributions	(1,118)	(1,423)
Total Income	(1,323)	(1,647)
(Surplus) or Deficit on the Provision of Services	117	(39)

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 2019/20 Code. For 2018/19 the following accounting policy changes that need to be reported relate to:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property;
- Annual Improvements to IFRS Standards 2014-2016 Cycle;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty over Income Tax Treatments, and
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

The Code does not anticipate that the above amendments will have a material impact on the information provided in the Partnership's Annual Accounts.

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.

The South East of Scotland Transport Partnership (SESTRAN)

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 2019 for which there is a significant risk of material adjustment in the forthcoming 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

Formal actuarial valuations are carried out every three years. Each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. The formal valuations for Scottish Local Government Pension Scheme funds were concluded by 31 March 2018 and the figures included in the 2018/19 Annual Accounts reflect the roll-forward position to 31st March 2019. The roll-forward allows for changes in financial assumptions, additional benefit accrual and estimated cash flows over the period. The balance sheet position has deteriorated during 2018/19. Corporate bond yields are lower at 31 March 2019 than 31 March 2018, which serves to increase the value placed on the obligations. The effect of this will have been partially offset by investment returns being greater than the 31 March 2018 discount rate.

Under accounting guidance, employers are expected to disclose the sensitivity of the valuation to key assumptions. The following table shows the sensitivity of the results to the changes in the assumptions used to measure the scheme liabilities. Approximate percentage changes and monetary values are shown:

	Approximate % increase to Defined Benefit Obligation %	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	12%	375
0.5% increase in the Salary Increase Rate	3%	106
0.5% increase in the Pension Increase Rate	8%	259

6. EVENTS AFTER THE BALANCE SHEET DATE

The Unaudited Annual Accounts were authorised for issue on 31st May 2019. 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 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following event, which took place after 31 March 2019, as the event provides information that is relevant to an understanding of the Partnerships's financial position, but does not relate to conditions at that date:

- The Partnership appointed Mr Jim Grieve to the Partnership Director post on 3rd May 2019 on an internal secondment basis.

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.

2018/19	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 revaluation of non-current assets	119	(119)			(119)
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	(49)	49			49
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	104			(104)	(104)
Employer's pension contributions and direct payments to pensioners payable in the year	(56)			56	56
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	(1)		1		1
Total Adjustments	117	(70)	1	(48)	(117)

The South East of Scotland Transport Partnership (SESTRAN)

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

(continued)

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.

2017/18	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	106	(106)			(106)
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	(177)	177			177
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	84			(84)	(84)
Employer's pension contributions and direct payments to pensioners payable in the year	(53)			53	53
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	1		(1)		(1)
Total Adjustments	(39)	71	(1)	(31)	39

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

	2018/19 £'000	2017/18 £'000
Interest income on plan assets	(54)	(50)
Interest Received	(1)	0
Pensions interest cost	73	58
	<hr/> 18	<hr/> 8

10. TAXATION AND NON SPECIFIC GRANT INCOME

	2018/19 £'000	2017/18 £'000
Government Grant	(782)	(782)
Constituent Council Requisitions	(150)	(174)
	<hr/> (932)	<hr/> (956)

The South East of Scotland Transport Partnership (SESTRAN)

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Movements on balances:

Movements in 2018/19

Cost or Valuation	Vehicles Plant and Equipment £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000
At 1st April 2018	778	0	778
Additions	49	0	49
At 31st March 2019	<u>827</u>	<u>0</u>	<u>827</u>
Accumulated Depreciation			
At 1st April 2018	(356)	0	(356)
Depreciation charge	(119)	0	(119)
At 31st March 2019	<u>(475)</u>	<u>0</u>	<u>(475)</u>
Net Book Value			
At 31st March 2019	<u><u>352</u></u>	<u><u>0</u></u>	<u><u>352</u></u>

The South East of Scotland Transport Partnership (SESTRAN)

11. PROPERTY, PLANT AND EQUIPMENT *(continued)*

11.2 Movements on balances:

Comparative Movements in 2017/18

Cost or Valuation	Vehicles Plant and Equipment £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000
At 1st April 2017	534	79	613
Additions	177	0	177
Transfers	67	(67)	
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	(12)	(12)
At 31st March 2018	<u>778</u>	<u>0</u>	<u>778</u>
Accumulated Depreciation			
At 1st April 2017	(262)	0	(262)
Depreciation charge	(94)	0	(94)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0
At 31st March 2018	<u>(356)</u>	<u>0</u>	<u>(356)</u>
Net Book Value			
At 31st March 2018	<u><u>422</u></u>	<u><u>0</u></u>	<u><u>422</u></u>

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

Through the Sustainable Travel programme, the Partnership anticipates providing a sum of £100,000 to support a Scottish Government grant of £200,000 to provide more electric bike hubs throughout the SEStran Region in 2019/20.

The South East of Scotland Transport Partnership (SESTRAN)

12. FINANCIAL INSTRUMENTS

12.1 Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Partnership and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Partnership.

The Partnership's financial liabilities held during the year comprised:

- Trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Partnership that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Partnership.

The Partnership's financial assets held during the year comprised:

- Cash in hand,
- Cash and cash equivalents (Loans and receivables). The Partnership maintains its funds as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council, but is 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.
- Trade receivables for goods and services provided.

12.2 Financial Instruments - Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories

	Current	
	31st March 2019 £'000	31st March 2018 £'000
Trade creditors	557	976

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Current	
	31st March 2019 £'000	31st March 2018 £'000
Loans and receivables	462	890
Trade debtors	156	8
	618	898

The South East of Scotland Transport Partnership (SESTRAN)

12. FINANCIAL INSTRUMENTS *(continued)*

12.3 Financial Instruments - Fair Values

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:

Financial Liabilities	31 March 2019		31 March 2018	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Trade creditors	557	557	976	976

Financial Assets	31 March 2019		31 March 2018	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and receivables	462	462	890	890
Trade debtors	156	156	8	8
	<u>618</u>	<u>618</u>	<u>898</u>	<u>898</u>

12.4 Income, Expenses, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	31st March 2019 £'000	31st March 2018 £'000
Total expense and income in Surplus or Deficit on the Provision of Services:		
Interest Income	1	1

13. DEBTORS

	31st March 2019 £'000	31st March 2018 £'000
Debtors:		
Central government bodies	27	1
Other local authorities	4	11
HM Customs and Excise - VAT	24	49
Other entities and individuals	459	403
	<u>514</u>	<u>464</u>

The South East of Scotland Transport Partnership (SESTRAN)

14. PROVISION FOR BAD DEBTS

Cost or Valuation	31st March 2019 £'000	31st March 2018 £'000
Opening Balance	0	(12)
Provision made during year	0	0
Unused amounts reversed during the year	0	12
Closing Balance	<u>0</u>	<u>0</u>

15. CASH AND CASH EQUIVALENTS

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

	31st March 2019 £'000	31st March 2018 £'000
Bank account	279	700
	<u>279</u>	<u>700</u>

16. CREDITORS

	31st March 2019 £'000	31st March 2018 £'000
Central government bodies	0	(4)
Other local authorities	(5)	(134)
Other entities and individuals	(543)	(998)
Employee costs	(61)	(8)
	<u>(609)</u>	<u>(1,144)</u>

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 2019 £'000	31st March 2018 £'000
18.1 Capital Adjustment Account	352	422
18.2 Pension Reserve	(831)	(662)
18.3 Accumulated Absence Account	(6)	(7)
	(485)	(247)

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.

	2018/19 £'000	2017/18 £'000
Balance at 1st April	422	351
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	(119)	(94)
• Charges for revaluation of non-current assets	0	(12)
Net written out amount of the cost of non-current assets consumed in year	303	245
Capital financing applied in the year:		
• Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	49	177
Balance at 31st March	352	422

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 *(continued)*

18.2 Pension Reserve *(continued)*

	2018/19 £'000	2017/18 £'000
Balance at 1st April	(662)	(307)
Remeasurements of the net defined benefit liability	(121)	(324)
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.	(104)	(84)
Employer's pension contributions and direct payments to pensioners payable in the year.	56	53
Balance at 31st March	<u>(831)</u>	<u>(662)</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.

	2018/19 £'000	2017/18 £'000
Balance at 1st April	(7)	(6)
Settlement or cancellation of accrual made at the end of the preceding year	7	6
Amounts accrued at the end of the current year	(6)	(7)
Balance at 31st March	<u>(6)</u>	<u>(7)</u>

19. MEMBERS EXPENSES

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

	2018/19 £'000	2017/18 £'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, statutory inspections and to non-audit services provided by the Partnership's external auditors:

	2018/19 £'000	2017/18 £'000
Fees payable in respect of:		
<ul style="list-style-type: none"> external audit services carried out by the appointed auditor for the year 	10	11
	10	11

21. GRANT INCOME

The Partnership credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/19:

	2018/19 £'000	2017/18 £'000
Credited to Taxation and Non Specific Grant Income		
Scottish Government - Revenue Grant	(782)	(782)
Constituent Council Requisitions (Note 22.3)	(150)	(174)
	(932)	(956)
Credited to Services		
EU Grant - Social Car	(5)	(58)
EU Grant - Regio Mob	(24)	(81)
EU Grant - Sharenorth	(27)	(53)
EU Grant - RTPi	0	(82)
EU Grant - Surflogh	(29)	(6)
EU Grant - e-Bikes	(24)	0
EU Grant - Bling	(2)	0
Contribution - Transport Scotland	(46)	0
Contribution - City of Edinburgh Council	(2)	0
Contribution - East Lothian Council	(2)	(2)
Contribution - Fife Council	(2)	0
Contribution - Scottish Borders Council	(1)	(3)
Contribution - West Lothian Council	0	(1)
Contribution - HITRANS	(2)	(3)
Contribution - NESTRANS	(3)	(1)
Contribution - SUSTRANS	(110)	(118)
Contribution - SWESTRANS	0	(1)
Contribution - TACTRAN	(4)	(3)
Contribution - ZETRANS	0	(1)
	(283)	(413)

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 2018-19 is shown in Note 19.

22.3 Other Parties

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

	2018/19 £'000	2017/18 £'000
• Revenue Expenditure - Support Services		
City of Edinburgh Council - Financial & Legal Services/ Clerking	42	33
Falkirk Council - HR Services	2	2
Fife Council - Clerking/ Legal Services	0	11
	<hr/> 44	<hr/> 46
• Revenue Expenditure - Other		
City of Edinburgh Council	1	0
City of York Council		12
East Lothian Council		60
Edinburgh and Lothians Greenspace Trust		59
Falkirk Council		17
Midlothian Council		25
Newcastle City Council	13	0
NHS Lothian	46	0
Scottish Government	17	17
	<hr/> 77	<hr/> 190

The South East of Scotland Transport Partnership (SESTRAN)

22. RELATED PARTIES *(continued)*

22.3 Other Parties *(continued)*

	2018/19 £'000	2017/18 £'000
• Revenue Income - Requisitions		
Clackmannanshire Council	(5)	(6)
East Lothian Council	(10)	(11)
City of Edinburgh Council	(48)	(56)
Falkirk Council	(15)	(18)
Fife Council	(35)	(41)
Midlothian Council	(9)	(10)
Scottish Borders Council	(11)	(12)
West Lothian Council	(17)	(20)
	<hr/>	<hr/>
	(150)	(174)
	<hr/>	<hr/>
• Revenue Income - Interest on Revenue Balances		
City of Edinburgh Council	(1)	(1)
	<hr/>	<hr/>
	(1)	(1)
	<hr/>	<hr/>
• Revenue Income - Other		
Constituent Councils	(16)	(49)
City of Edinburgh Council	(2)	0
East Lothian Council	(2)	(2)
Fife Council	(2)	0
Network Rail		(3)
NHS Fife		(1)
Scottish Borders Council	(1)	(3)
Scottish Government		(1)
Transport Scotland	(46)	0
West Lothian Council		(1)
	<hr/>	<hr/>
	(69)	(60)
	<hr/>	<hr/>

The South East of Scotland Transport Partnership (SESTRAN)

22. RELATED PARTIES *(continued)*

22.3 Other Parties *(continued)*

The following represents amounts due to/(from) the Partnership at 31 March 2019, with its related parties.

CREDITORS	2018/19 £'000	2017/18 £'000
• Creditors - Related Parties (Revenue Grants)		
East Lothian Council	0	(60)
Falkirk Council	0	(17)
Midlothian Council	0	(25)
NHS Lothian	(46)	0
Scottish Enterprise	(150)	0
	<u>(196)</u>	<u>(102)</u>
• Creditors - Related Parties (Other)		
City of Edinburgh Council	(5)	(30)
Edinburgh and Lothians Greenspace Trust	0	(40)
Falkirk Council	(2)	(2)
Constituent Councils	(32)	(18)
Scottish Government	0	(4)
	<u>(39)</u>	<u>(94)</u>
• Creditors - Other Parties	<u>(564)</u>	<u>(975)</u>
Total Creditors	<u>(799)</u>	<u>(1,171)</u>
DEBTORS		
• Debtors - Related Parties (Revenue Grants/ Other)		
Fife Council	0	7
Network Rail	4	3
NHS Fife	0	1
Scottish Borders Council	0	2
Scottish Enterprise	150	0
Scottish Government	0	1
Stirling Council	4	0
Strathclyde Partnership for Transport	0	1
Transport Scotland	26	0
	<u>184</u>	<u>15</u>
• Debtors - Other Parties	<u>330</u>	<u>449</u>
Total Debtors	<u>514</u>	<u>464</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 (MOTO) with the Scottish Government, which forms part of the Civil Estates Occupancy Agreement (CEOA).

The Partnership signed a new MOTO and is permitted to occupy the space from 8th February 2019 to 7th February 2022 (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 buses to be tracked live on the system, continued into 2019/20. Due to a bus operator's (First Scotland Ltd) decision to move to new ticket machines and its own RTPI system, effective from June 2018, the number of leased SIM cards reduced to ten, being those required for fixed signs in Fife. This led to a reduced cost. 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 2018/19 was £27,000 (2017/18 £67,000)

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

	2018/19 £'000	2017/18 £'000
• Not later than 1 year	18	22
	<hr/>	<hr/>
	18	22
	<hr/>	<hr/>

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 1.8, 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 *(continued)*

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:

Comprehensive Income and Expenditure Statement	2018/19 £000	2018/19 £000	2017/18 £000	2017/18 £000
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	85		76	
Past service costs	<u>0</u>		<u>0</u>	
		85		76
<i>Financing and investment income:</i>				
Net interest expense		<u>19</u>		<u>8</u>
Total post employee benefit charged to the surplus on the provision of services		104		84
<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 included in the net interest expense above	(143)		(50)	
Actuarial gains and (losses) arising on changes in financial assumptions	264		(113)	
Actuarial gains and (losses) arising on changes in demographic assumptions	0		(12)	
Other experience	<u>0</u>		<u>499</u>	
		<u>121</u>		<u>324</u>
Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement		<u>225</u>		<u>408</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>48</u>		<u>31</u>
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to the scheme		<u>56</u>		<u>53</u>
		<u>56</u>		<u>53</u>

The South East of Scotland Transport Partnership (SESTRAN)

24. DEFINED BENEFIT PENSION SCHEMES *(continued)*

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:

	2018/19 £'000	2017/18 £'000
Fair value of employer assets	2,218	2,016
Present value of funded liabilities	(3,049)	(2,678)
Present value of unfunded liabilities	0	0
	<hr/>	<hr/>
Net liability arising from defined benefit obligation	(831)	(662)
	<hr/>	<hr/>

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

	2018/19 £'000	2017/18 £'000
Opening fair value of scheme assets	2,016	1,913
Interest income	54	50
Remeasurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	143	50
Contributions from employer	56	53
Contributions from employees into the scheme	17	17
Benefits paid	(68)	(67)
Unfunded benefits paid	0	0
	<hr/>	<hr/>
Closing fair value of scheme assets	2,218	2,016
	<hr/>	<hr/>

Reconciliation of Present Value of the Scheme Liabilities

	2018/19 £'000	2017/18 £'000
Present value of funded liabilities	(2,678)	(2,220)
Present value of unfunded liabilities	0	0
	<hr/>	<hr/>
Opening balance at 1st April	(2,678)	(2,220)
Current service cost	(85)	(76)
Interest cost	(73)	(58)
Contributions from employees into the scheme	(17)	(17)
Remeasurement gain / (loss):		
Change in demographic assumptions	0	12
Change in financial assumptions	(264)	113
Other experience	0	(499)
Past service cost	0	0
Benefits paid	68	67
Unfunded benefits paid	0	0
	<hr/>	<hr/>
Closing balance at 31st March	(3,049)	(2,678)
	<hr/>	<hr/>

The South East of Scotland Transport Partnership (SESTRAN)

24. DEFINED BENEFIT PENSION SCHEMES *(continued)*

24.5 Fair Value of Employer Assets

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

	2018/19		2017/18	
	£'000	%	£'000	%
Equity Securities:				
Consumer *	236	11	276	14
Manufacturing *	273	12	300	15
Energy and Utilities *	168	8	126	6
Financial Institutions *	187	9	179	9
Health and Care *	121	5	99	5
Information technology *	72	3	123	6
Other	216	10	127	6
Sub-total Equity Securities	1,272		1,230	
Debt Securities:				
Corporate Bonds (non-investment grade)	0	0	39	2
UK Government *	225	10	195	10
Sub-total Debt Securities	225		235	
Private Equity:				
All *	0		6	
All	30		30	
Sub-total Private Equity	30	1	37	2
Real Estate:				
UK Property	150	7	130	6
Overseas Property	0	0	2	0
Sub-total Real Estate	150		132	
Investment Funds and Unit Trusts:				
Equities *	22	1	19	1
Bonds	56	3	0	0
Infrastructure	275	12	239	12
Other	0	0	5	0
Sub-total Investment Funds and Unit Trusts	354		263	
Derivatives:				
Foreign Exchange *	1	0	1	0
Sub-total Derivatives	1		1	
Cash and Cash Equivalents				
All *	186	8	119	6
Sub-total Cash and Cash Equivalents	186		119	
Total Fair Value of Employer Assets	2,218		2,016	

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 *(continued)*

24.6 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2018 were those from the beginning of the year (i.e. 31 March 2017) and have not been changed during the year.

The principal assumptions used by the actuary in the calculations are:

Investment returns

- Total returns for the period from 1 April 2018 to 31 March 2019 9.8%

	2018/19	2017/18
Mortality assumptions - longevity at 65 for current pensioners:		
• Males	21.7 years	21.7 years
• Females	24.3 years	24.3 years
Mortality assumptions - longevity at 65 for future pensioners:		
• Males	24.7 years	24.7 years
• Females	27.5 years	27.5 years
Pension increase rate	2.5%	2.4%
Salary increase rate (see below)	4.2%	4.1%
Discount rate	2.4%	2.7%

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 2019 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the Fund's Actuary has estimated that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages)

The South East of Scotland Transport Partnership (SESTRAN)

24. DEFINED BENEFIT PENSION SCHEMES *(continued)*

24.7 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2020

	Assets £000	Obligations £000	Net (liability) / asset £000	% of pay
Projected current service cost	0	(102)	(102)	(42.7%)
Past service cost including curtailments	0	0	0	0.0%
Effect of settlements	0	0	0	0.0%
Total Service Cost	<u>0</u>	<u>(102)</u>	<u>(102)</u>	<u>(42.7%)</u>
Interest income on plan assets	53	0	53	22.2%
Interest cost on defined benefit obligation	0	(74)	(74)	(31.0%)
Total Net Interest Cost	<u>53</u>	<u>(74)</u>	<u>(21)</u>	<u>(8.8%)</u>
Total included in Profit or Loss	<u><u>53</u></u>	<u><u>(176)</u></u>	<u><u>(123)</u></u>	<u><u>(51.5%)</u></u>

SESTRAN's estimated contribution to Lothian Pension Fund for 2019/20 is £57,000.

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 instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Partnership as a result of changes in such measures as interest rate movements;
- Price risk - the possibility that fluctuations in equity prices has a significant impact on the value of financial instruments held by the Partnership;
- 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. As 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 *(continued)*

Liquidity risk

The Partnership is 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 2019, the Partnership had financial assets of £132,000 subject to foreign exchange risk.

The foreign exchange loss or gain on these financial assets cannot be determined until 2019/20, 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.

ANNUAL TREASURY REPORT 2018/19

1 Purpose of report

The purpose of this report is to provide an Annual Treasury Report for the financial year 2018/19.

2 Summary

The Partnership has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, an Annual Report on Treasury Management must be submitted to the Partnership after the end of each financial year.

3 Investment Out-turn 2018/19

3.1 The Partnership's Investment Strategy has been to maintain its bank account as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council but is 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 and for financial year 2018/19 is calculated in accordance with the withdrawn Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). In line with recent short term interest rates, the investment return continues to be small, but the Partnership gains security from its counterparty exposure being to the City of Edinburgh Council. Net end of month balances for the financial year were:

	£
Opening Balance	-60,916.43
30 April 2018	-35,410.42
31 May 2018	-46,362.76
30 June 2018	100,647.04
31 July 2018	182,922.84
31 August 2018	189,314.73
30 September 2018	250,794.84
31 October 2018	203,937.63
30 November 2018	228,940.93
31 December 2018	16,262.75
31 January 2019	217,727.50
28 February 2019	218,284.68
31 March 2019	-76,919.16

3.2 Interest is calculated on the average monthly balance. The interest rate applied was 0.504%, giving an interest amount of £628.13 payable to the Partnership.

4 Recommendations

4.1 It is recommended that the Performance and Audit Committee reviews the Annual Report for 2018/19 and refers it to the Partnership Board for noting.

Appendix None

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



Risk Framework

1. INTRODUCTION

1.1 The purpose of this report is to provide the Committee with its six-monthly update on the risk register, which is an integral part of SEStran's Risk Management Framework.

2. BACKGROUND

2.1 SEStran has been using a Risk Register to record, report and evaluate risks within the organisation since May 2008. All risks are reviewed regularly by the relevant staff and Appendix 1 to this report is the latest version SEStran Risk Register, highlighting the key risks.

2.2 The Committee should note that all changes made to the register are highlighted in red.

3. RECOMMENDATIONS

3.1 The Committee are asked to comment on the contents of the report and;

3.2 Note that a final version of the Risk Register will be presented to Partnership Board for noting.

Angela Chambers
Business Manager
June 2019

Appendix 1: SEStran Risk Register

Policy Implications	None
Financial Implications	As highlighted in the register.
Equalities Implications	None
Climate Change Implications	None

Risk Number	Risk Detail	Risk Category	Gross Risk Assessment				Planned Response/Mitigation	Net Risk Assessment				Risk After Mitigation/Appetite for Risk	Date and Owner				
			Probability	Impact	Risk Score			Probability	Impact	Risk Score							
R001	Policy Appraisal: Poor Quality Lack of consultation	Strategic	1	Remote	3	Moderate	3	Low	Advised by Government of relevant policy changes and Partnership Director and Officers regularly horizon scanning for further policies and responds accordingly. New consultative forums also enable greater visibility and integration of local policies into regional strategy.	1	Remote	2	Minor	2	Low	Low. Partnership staff also continue to monitor their networks for relevant policy discussions. RTS re-write process underway. Tolerate	November-2018 Head-of-Programmes June 2019 Partnership Director
R002	Project Appraisal and Delivery: Incomplete or of poor quality Late Delivery	Reputational	2	Unlikely	4	Major	8	Medium	Monthly monitoring and management intervention by the project officer and over-seen by the Head of Programmes. Key regional projects such as RTP1 has regular communication with key clients and service providers, including standing quarterly stakeholder meetings.	2	Unlikely	3	Moderate	6	Low	Low. Regular monitoring and management/project team meetings provides all across the organisation with a clear view of progress and expenditure against budget. Regular reports presented to P&A Committee and Partnership Board Tolerate	November-2018 Head-of-Programmes June 2019 Programme Manager
R003	Digital/IT: Server failure Comms failure: phones Website	System and Technology	3	Possible	4	Major	12	Medium	SEStran has an up-to-date Management Plan for Business Continuity. Website has a maintenance contract as does RTP1 system. Both proactively managed by third parties.	3	Possible	2	Minor	6	Low	Low. Contracted IT consultants deliver IT services. Website contract includes security updates. Robust Information Security Policy in place with regular monitoring reports. GDPR compliant and progressing . Cyber Essentials Accreditation achieved. Tolerate	November-2018 Business-Manager June 2019 Business Manager

R004	<p>Reputation: Regard by the public and stakeholders. Negative or inaccurate media coverage leading to misrepresentation of SEStran position</p>	Reputational	3	Possible	3	Moderate	9	Medium	<p>Good relationships with media. Quick response to negative or inaccurate coverage. Proactive placement of copy. Agreed broad media positions. Availability of Spokesperson - Senior staff only. No unauthorised media statements.</p>	3	Possible	2	Minor	6	Low	<p>Low. Partnership staff continue to promote and advocate activities via speaking, writing or wider networking Tolerate</p>	<p>November 2018 Head of Programmes June 2019 Partnership Director</p>
R005	<p>Statutory Duties: Failure to adhere to duties described in legislation and related documentation</p>	Legal and Regulatory	1	Remote	4	Major	4	Low	<p>Audit approved systems of governance in place. External and internal audits carried out.</p>	1	Remote	2	Minor	2	Low	<p>Low. Regular monitoring and programming of statutory duties is undertaken by the Partnership Director, Head of Programmes and Business Manager. Audited by third parties. Tolerate</p>	<p>November 2018 Head of Programmes June 2019 Partnership Director</p>
5.1	<p>Restricted ability to undertake RTS re-write: Inadequate senior staff resourcing available due to continued absence of Partnership Director</p>	Strategic	4	Probable	3	Moderate	12	Medium	<p>Resolve absence as soon as possible and appoint external resources as required.</p>	2	Unlikely	2	Minor	4	Low	<p>Low. Seek to resolve ASAP Partnership Director appointed May 2019. Funds identified for RTS re-write</p>	<p>November 2018 Head of Programmes CLOSED</p>

R006 6.0	Financial: Significant deviation from budgeted spend	Financial	2	Unlikely	3	Moderate	6	Low	The Partnership's Financial Rules do not permit the Partnership's spending (whether revenue or capital) to exceed its available budget. Budget and spend is monitored on a monthly basis by SEStran officers, using financial information provided by City of Edinburgh Council (CEC) through the Partnership's Financial Services Service Level Agreement with CEC and supported by qualified accounting staff of CEC. Action is taken by Partnership officers to develop alternative savings measures, including options for development of contingency arrangements, if required and subject to approval by the Partnership. The Partnership's Financial Rules require reporting of financial performances to the Partnership Board on a quarterly basis.	1	Remote	2	Minor	2	Low	Low. In October 2017, the Scottish Government commenced consultation to give consideration to RTPs being given powers to of carry forward of expenditure across financial years. Transport Bill currently going through parliament includes section on RTPs carrying reserves. Tolerate	November 2018 Head of Programmes March 2019 Partnership Director
6.1	Pay awards: Provision for a pay award of up to 3% in 2019/20 based on alignment with SG pay policy. Each 1% increase equates to an increase in £3,580. Pay awards. The approved budget for 2019/20 assumes provision for a pay award of 3%, based on alignment with the Scottish Government's public sector pay offer. A 1% increase in pay award uplift equates to an increase in cost of approximately £4,700.	Financial	4	Probable	1	Insignificant	4	Low	Alignment with Scottish Local Government pay policy	4	Probable	1	Insignificant	4	Low	Low Tolerate	November 2018 Head of Programmes March 2019 Partnership Director

6.2	Staff recharges - EU projects: The proposed budget assumes that £66,000 £100,000 of staff time can be recharged to 3 4 EUProjects - Share-north, Regio-mob, Surflogh and Bling. There is a risk this may not be achievable	Financial	5	Highly Probable	3	Moderate	15	High	Any shortfall in employee recharges will be managed through corresponding reductions in Projects Budget expenditure. EU projects represent a low percentage of the budget.	4	Probable	2	Minor	8	Medium	Medium: Other funding sources will continue to be pursued. Tolerate	November 2018 Head of Programmes March 2019 Partnership Director
6.3	Inflation: There is a risk that the proposed approved budget does not adequately cover price inflation and increasing demand for services.	Financial	5	Highly Probable	1	Insignificant	5	Low	When setting the revenue budget, allowance made for specific price inflation and budgets adjusted in line with current cost forecasts.	5	Highly Probable	1	Insignificant	5	Low	Low Tolerate	November 2018 Head of Programmes March 2019 Partnership Director
6.4	Delays in payment of external grants results in additional short-term borrowing costs.	Financial	3	Possible	2	Minor	6	Low	SEStran grant claims for projects are submitted in compliance with grant funding requirements to ensure minimal delay in payment. Ongoing monitoring of cash flow is undertaken to manage exposure to additional short-term borrowing costs.	3	Possible	1	Insignificant	3	Low	Low: Grant submission procedures in place, along with financial planning. Tolerate	November 2018 Head of Programmes March 2019 Partnership Director
6.5	Sources of additional income to the Partnership may become constrained in the current economic climate and/or due to changes in operating arrangements.	Financial	4	Probable	3	Moderate	12	Medium	Active Travel funding a high priority for Government with funds consistently available to bid for. Revenue budget for 2019/20 developed to take account of most likely level of external income in 2019/20.	4	Probable	3	Moderate	12	Medium	Medium Tolerate: Adapt expenditure accordingly	November 2018 Head of Programmes June 2019 Partnership Director
6.6	Funding reductions: Future reductions in funding from Scottish Government and/or council requisitions.	Financial	3	Possible	4	Major	12	Medium	The Partnership will continue to source and develop external funding.	3	Possible	4	Major	12	Medium	Medium Tolerate: Manage organisation in accordance with available funding but ability of organisation to deliver RTS objectives will inevitably be dictated by available funding.	November 2018 Head of Programmes June 2019 Partnership Director

6.7	The deficit on the staff pension fund could lead to increases in the employers pension contribution	Financial	3	Possible	3	Moderate	9	Medium	The Partnership continues to benefit from Lothian Pension Fund's contribution stability mechanism as part of the Fund's strategy to manage potential volatility in employer contribution rates. Following the Lothian Pension Fund Triennial Actuarial Review of 2017, proposed Partnership contribution rates have been advised until 2020/21	2	Unlikely	3	Moderate	6	Low	Low Tolerate	November 2018 Head of Programmes June 2019 Partnership Director
6.8	Current staffing levels cannot be maintained due to funding constraints and the Partnership incurs staff release costs	Financial	3	Possible	3	Moderate	9	Medium	The Head of Programmes Partnership continues to seek additional sources of funding for activities aligned to the Partnership's objectives to supplement resources Recruitment control measures in place.	3	Possible	2	Minor	6	Low	Low: Other funding sources will continue to be pursued. Tolerate	November 2018 Head of Programmes June 2019 Partnership Director
6.9	Accommodation: Occupancy Agreement with SG due for renewal February 2019. SG may not renew and alternative premises required at market rates.	Financial	3	Possible	3	Moderate	9	Medium	A notice period of 12 months must be served by each party under the current occupancy agreement. SEStran engaging with SG estates to secure renewal. Occupancy Agreement renewed until February 2022.	3	Possible	3	Moderate	9	Medium	Medium- Resolve - seek to confirm renewal ASAP.	November 2018 Business Manager CLOSED
6.10	ECOMM: Agreement to commit to ECOMM on the basis of being cost neutral. Income depends on number of delegates attending conference.	Financial	3	Possible	3	Moderate	9	Medium	In association with EPOMM, marketing effort is currently underway to ensure adequate attendance is achieved. Further marketing will continue SEStran withdrew offer to host ECOMM due to uncertainty over Brexit and subsequent impact on attendance at the conference.	3	Possible	2	Minor	6	Low	Low Tolerate	November 2018 Head of Programmes CLOSED
6.11	Following the outcome of the EU Referendum, the Partnership is unable to access EU funding.	Financial	5	Highly Probable	3	Moderate	15	High	The Partnership continues to seek alternative funding sources to progress knowledge exchange/transfer and to seek to successfully bid for EU projects following the United Kingdom servicing notice under Article 50.	4	Probable	3	Moderate	12	Medium	Medium Tolerate: Adapt expenditure accordingly	June 2019 Partnership Director

R007	HR: Pension Liabilities Redundancy Contingency Inappropriate Behaviour Staffing/Incapacity	People	3	Possible	3	Moderate	9	Medium	SLA in place with Falkirk Council to provide specialist HR advice as required and is under regular review. Legal advice is provided, when required, through a framework contract, which is in place until 2019.	1	Remote	2	Minor	2	Low	Low Tolerate	November 2018 Head of Programmes June 2019 Partnership Director
R008	Corporate: Removal of RTPs as part of the review of the National Transport Strategy.	Strategic	4	Probable	4	Major	16	High	RTPs jointly lobbying Transport Minister. SEStran is engaged in the NTS2 review, representing all RTPs on the NTS2 Review Board and has sought and received assurances around retention of functions and undertakings transfer from Scottish Ministers.	4	Probable	4	Major	16	High	High: Seek to resolve	November 2018 Head of Programmes June 2019 Partnership Director
R009	EU Exit: Impact on learning and funding	Financial	5	Highly Probable	3	Moderate	15	High	The Partnership has sought to engage in as many relevant EU projects and funds as it can whilst UK authorities are allowed to access these funds. This should mitigate the short-term impact of any EU Exit negotiated and implemented. Timescales for effective exit remain unclear	5	Highly Probable	3	Moderate	15	High	High: The risk remains high as there is significant uncertainty around the medium (3-5year) horizon for access to funds. Opportunity for renewed collaborative working with EU following Brexit to be explored. SEStran continuing to be accepted as partners in EU funded projects. Tolerate	November 2018 Head of Programmes June 2019 Partnership Director
R010	Governance: Senior Officer absence Succession Planning Business Continuity	People	3	Possible	3	Moderate	9	Medium	Governance Scheme now contains adequate provision to deal with senior officer absence. Staff structure in place and Head of Programmes assigned delegated powers in Directors absence. Business Continuity Plan in place. Sustained absence of Partnership Director continuing to limit staff resourcing.	2	Unlikely	2	Minor	4	Low	Low Tolerate	November 2018 Head of Programmes June 2019 Partnership Director
R011	Third party Service Level Agreements: Failure or inadequacy of service	People	2	Unlikely	2	Minor	4	Low	Service Level Agreements in place for Financial Services, HR, Legal and Insurance services. Reviewed annually by senior officers. Subject to independent audit scrutiny.	2	Unlikely	2	Minor	4	Low	Low Tolerate	November 2018 Head of Programmes June 2019 Partnership Director

Risk Number	Risk Detail	Risk Category	Gross Risk Assessment				Planned Response/Mitigation	Net Risk Assessment				Risk After Mitigation/Appetite for Risk	Date and Owner				
			Probability	Impact	Risk Score			Probability	Impact	Risk Score							
R005 5.1	Restricted ability to undertake RTS re-write: Inadequate senior staff resourcing available due to continued absence of Partnership Director	Strategic	4	Probable	3	Moderate	12	Medium	Resolve absence as soon as possible and appoint external resources as required.	2	Unlikely	2	Minor	4	Low	Low: Seek to resolve ASAP Partnership Director appointed May 2019. Funds identified for RTS re-write	November 2018 Head-of-Programmes CLOSED
6.9	Accommodation: Occupancy Agreement with SG due for renewal February 2019. SG may not renew and alternative premises required at market rates.	Financial	3	Possible	3	Moderate	9	Medium	A notice period of 12 months must be served by each party under the current occupancy agreement. SEStran engaging with SG estates to secure renewal. Occupancy Agreement renewed until February 2022.	3	Possible	3	Moderate	9	Medium	Medium: Resolve—seek to confirm renewal ASAP.	November 2018 Business-Manager CLOSED
6.10	ECOMM: Agreement to commit to ECOMM on the basis of being cost neutral. Income depends on number of delegates attending conference.	Financial	3	Possible	3	Moderate	9	Medium	In association with EPOMM, marketing effort is currently underway to ensure adequate attendance is achieved. Further marketing will continue SEStran withdrew offer to host ECOMM due to uncertainty over Brexit and subsequent impact on attendance at the conference.	3	Possible	2	Minor	6	Low	Low: Tolerate	November 2018 Head-of-Programmes CLOSED

Likelihood		Severity		Risk Score	At Risk
1	Remote	1	Insignificant	1	System and Technology
2	Unlikely	2	Minor	2	
3	Possible	3	Moderate	3	
4	Probable	4	Major	4	
5	Highly Probable	5	Catastrophic	5	
				6	Reputational
				8	Strategic
				9	Financial
				10	Governance
				12	Specific Operational
				15	External
				16	Legal and Regulatory
				20	People
				25	Physical
					Low Risk
					Medium Risk
					High Risk

Impact				
Descriptor	Score	Health and Safety Impact	Impact on Service and Reputation	Financial Impact
Insignificant	1	No injury or no apparent injury.	No impact on service or reputation. Complaint unlikely, litigation risk remote.	Loss/costs up to £5000.
Minor	2	Minor injury (First Aid on Site)	Slight impact on service and/or reputation. Complaint possible. Litigation possible.	Loss/costs between £5000 and £50,000.
Moderate	3	Reportable injury	Some service disruption. Potential for adverse publicity, avoidable with careful handling. Complaint expected. Litigation probable.	Loss/costs between £50,000 and £500,000
Major	4	Major injury (reportable) or permanent incapacity	Service disrupted. Adverse publicity not avoidable (local media). Complaint expected. Litigation expected.	Loss/costs between £500,000 and
Catastrophic	5	Death	Service interrupted for significant time. Adverse publicity not avoidable (national media interest.) Major litigation expected. Resignation of senior management/directors.	Theft/loss over £5,000,000

Impact					
Impact	5	10	15	20	25
Catastrophic	5	10	15	20	25
Major	4	8	12	16	20
Moderate	3	6	9	12	15
Minor	2	4	6	8	10
Insignificant	1	2	3	4	5
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

Likelihood		
Descriptor	Score	Example
Remote	1	May only occur in exceptional circumstances.
Unlikely	2	Expected to occur in a few circumstances.
Possible	3	Expected to occur in some circumstances.
Probable	4	Expected to occur in many circumstances.
Highly Probable	5	Expected to occur frequently and in most circumstances.

Maintain existing measures in place.
Review control measures. Even if the risk is low, there may be things that can be done to bring the risk rating down to minimal.
Improve control measures. If the Rating Action Band is greater than 3 or 4 then a review of the existing safety/control measures needs to be done, where additional
Improve control measures immediately and consider stopping work activity until risk is reduced.

Projects Performance & EU Exit Update

1. INTRODUCTION

1.1 The report provides the Committee with an update on the current status and progress of the various projects SEStran is involved in and covers the position on the EU exit process.

2. Projects performance

2.1 Following discussion at a recent P&A Committee meeting, SEStran has developed a new layout for the projects update, using RAG status (red-amber-green) to highlight the current state of progress for each active project. The projects update is included as Appendix 1 to this report.

2.2 The table below explains the meaning of the different colours used throughout the report to highlight how a project is progressing.

Status	Meaning:
	Complete
	Progressing according to plan
	Some issues encountered
	Severe issues or delayed

3. EU Exit Update

3.1 The EU Exit Process has been postponed again with a new deadline of 31 October 2019.

4. RECOMMENDATIONS

4.1 It is recommended that the Committee takes note of the contents of the report.

Julie Vinders
Project Officer
 28 May 2019

Policy Implications	None
Financial Implications	Project expenditure and progress is continually being monitored and appropriate action is taken as required to ensure compliance with budget and programme.
Equalities Implications	None
Climate Change Implications	None

Appendix 1: Projects update

1. Active Travel Projects

1.1 GO e-Bike



In April 2018, SEStran successfully launched GO e-Bike, a regional bike-sharing scheme funded by SEStran's core budget, with a contribution from the SHARE-North project. The first four GO e-Bike hubs were launched in St Andrews, Buckhaven, West Lothian and Falkirk and SEStran has secured funding from the Low Carbon Travel and Transport (LCTT) Fund to expand the GO e-Bike scheme through 6 further hubs.

Latest developments:

- **First 4 hubs in St Andrews, Buckhaven, West Lothian Bike Library and Falkirk** Complete
All hubs are operating according to plan. In collaboration with CoMoUK, SEStran has produced a First Year Report, presenting the successes and lessons learnt during the first year of the project.
- **GO e-Bike expansion with LCTT funding** In progress
 - 2 hubs are now complete at SocialBite Village in Edinburgh and Tweeddale Youth Action in Innerleithen.
 - A tender has now been awarded to Bewegen to implement a public bike share scheme in East Lothian and Midlothian.
 - SEStran is working on a GO e-Bike website, which is expected to go live by the end of May.

1.2 Regional Cycle Network Grant Scheme



The Regional Cycle Network Grant Scheme continues the partnership between Sustrans Scotland and SEStran's commitment to delivering improvements to the cross-boundary utility routes.

Latest developments:

- **3 Community Links Feasibility Studies** Complete
 - SEStran commissioned AECOM to carry out three feasibility studies following a successful bid to the Community Links funding.
 - The three routes are Winchburgh to Edinburgh Airport, Buckhaven to Kirkcaldy, and The Wisp to Sheriffhall Roundabout.
 - AECOM have now completed the final reports and SEStran will liaise with local authorities to progress further work.
- **Edinburgh BioQuarter** Delayed
 - During 2018/19 work progressed on detailed design but has been delayed due to some reviews and resource requirements.
 - Design work will continue in 2019/20 with public consultation and a proposed final design.

1.3 Regional Active Travel Development Fund – Transport Scotland



SEStran received £200,200 in funding for cross-boundary active travel routes in the SEStran region. SEStran is using the funding for three feasibility and design studies in Falkirk, Midlothian and East Lothian.

Latest developments:

- **Project 1: Larbert to Stirling** In progress
 - SEStran is working in partnership with Tactran to carry out a feasibility and design study on the A9 route from Larbert to Plean (and through to Stirling).
 - Consultants 2020 have made an initial options assessment and are working to complete feasibility in May. Public consultation will be concluding in early June.
- **Project 2: A701 corridor** In progress
 - SEStran has awarded Arup a contract worth £34,467.50 to carry out a feasibility study of the A701 for improvements to public transport, walking and cycling provisions. In April Arup presented the options appraisal to Midlothian to confirm agreement for the proposals.
 - The finalised study report is due for completion at the end of May.
- **Project 3: East Lothian LiDar** In progress
 - East Lothian have appointed Peter Brett Associates, AECOM Ltd, and IKM to develop 3D visualisations. The concept design work is ongoing. The visualisations are expected to be complete by mid-June. The total contract award is £120,458.91.

1.4 Cycle Training & Development – Cycling Scotland



As part of the trialling of a new model for the delivery of Bikeability Scotland in schools, a number of pilots are being developed within the SEStran region. In addition, cycle training will be offered as part of the development of the GO e-Bike hubs.

Latest developments:

- **Bikeability Pilots** Delayed
 - Funding has been approved for Edinburgh pilot and delivery is underway.
 - Delivery timescale too tight for Scottish Borders, looking at potential pilots for delivery after the summer.
- **Go e-Bike cycle training** In progress
 - Training is being offered to all hubs as they are completed and as part of ongoing development plans.
 - The Cycling Scotland ‘Essential Cycling Skills’ programme and guided rides are being offered to all employers taking part in the employer roadshow.

2. Public Transport Projects

2.1 Real Time Passenger Information (RTPI)



SEStran's RTPI system began in 2010 with the aim to tackle a declining bus patronage and make bus travel more predictable and reliable. SEStran is working with the City of Edinburgh Council to move towards a new Content Management System that will improve the public facing regional screen network.

Latest developments:

- **Development of new Content Management System** Delayed
 - The new Content Management System is out for tender with the City of Edinburgh Council managing the tender process. Depending on the award process and new contractor, it is hoped that the new CMS will be in place by the end of the calendar year.
 - Using Traveline data via a website set up, we have been able to improve the quality and the reliability of information delivered via the screen network outside of the Lothian Bus network with a successful test at the Galashiels Interchange. SEStran will be able to implement this solution at key sites (as there is a cost) until the new CMS is operational.
- **Installing RTPI digital screens at key locations** In progress
 - SEStran continues to install some RTPI digital screens at key locations and employers in Edinburgh where the current RTPI system is still operational.

2.2 Hate Crime Charter



SEStran is involved in a working group, together with Transport Scotland, Police Scotland and Disability Equality Scotland, to develop a regional Hate Crime Charter for public transport. Hate Crime is a key work package which came out of the Accessible Travel Framework developed by Transport Scotland. SEStran is developing the charter on a regional scale for all protected characteristics under the current hate crime legislation.

Latest developments:

- **Development of Hate Crime Charter** In progress
 - Public transport operators and different equalities groups have been involved through consultation events and surveys. The group is now finalising the draft Hate Crime Charter and will trial the charter with operators in Fife, Clackmannanshire and West Lothian. Based on the learnings from this trial, the group hopes to roll out the Charter nationally.

2.3 Thistle Assistance Programme



SEStran has been working to develop an intermodal journey planner and Thistle Card App, which will make it easier for people to use the Card when using public transport. The aim is to develop a platform showing relevant route information in a clear way, providing information about which travel option to use, where to get on and when and where to get off, etc

Latest developments:

- **Phase One Proof of concept development** In progress
 - Five developers have been successful and have signed contracts, they are: Thereby Box, Sentireal, Damibu, Living Map & Passio.
 - In April 2019, SEStran ran 2 workshops to explore the issues that people have when using public transport. This work will inform the development of the journey planner.
 - The developers will be presenting mid-project concepts in August 2019 at a project review workshop.
- **Development of Thistle Assistance Website** In progress
 - SEStran was successful in an application to the Transport Scotland Accessible Transport fund in December 2018, part of the funding is being used to develop a stand-alone website for Thistle Assistance.
 - A procurement competition was run, and Hillside Agency was awarded the contract. Work on the new site is underway and completion is expected in July 2019.

3. European-funded Projects

3.1 SHARE-North



SHARE-North focuses on shared mobility modes and their potential to address sustainable transport challenges in the North Sea region. This includes developing, implementing, promoting and assessing car sharing, bike sharing, ride sharing and other forms of shared mobility in urban and rural areas and employment clusters. The project has been extended for another three years during which SEStran plans to promote shared-mobility through Tripshare SEStran and the introduction of 'mobi-hubs' (mobility hubs) in the SEStran region.

Latest developments:

- **Project outcomes** In progress
 - Following the extension approval of the SHARE-North project, SEStran attended a partner meeting in Bremen, where the focus of the activities for the next three years was discussed.
 - SEStran is currently looking at bringing mobi-hubs to the SEStran area taking learnings from the various European partners.
 - SEStran is looking for partners from the Local Authorities to work jointly to deliver a mobi-hub in the SEStran region.
 - In addition, SEStran will start reviewing current TripshareSEStran arrangements to continue to promote ride-sharing in our region.

3.2 REGIO-Mob



REGIO-Mob aims to promote “learning, sharing of knowledge and transferring best practices between the participating regional and local authorities to design and implement regional mobility plans (or Regional Transport Strategies) bearing in mind the stakeholders with regional relevance and contributing to the sustainable growth of Europe”.

Latest developments:

- **Implementation of REGIO-Mob Action Plan** In progress
 - As part of the REGIO-Mob Action Plan, SEStran planned to implement GO e-Bike and measure the effects on the scheme on people’s health and levels of physical activity using a research methodology presented as best practice by the Italian lead partners.
 - SEStran has now developed the GO e-Bike health survey and will be using it at the St Andrews hub and Employer Roadshow to measure the impact GO e-Bike has had on people’s levels of physical activity and perceptions of well-being.
- **Monitoring of policy instrument development** In progress
 - As part of the REGIO-Mob project, SEStran is monitoring the impact the project has had on the development of SEStran’s Electric Vehicle Strategy and re-write of the Regional Transport Strategy. The findings from the GO e-Bike survey will inform these instruments by recognising that electric bicycles can be an enabling technology to promote a healthier and more active population.

3.3 SURFLOGH



SURFLOGH aims to improve the role of logistics hubs in the network of urban logistics in the North Sea Region. By introducing city labs, a transnational platform is created to promote innovation in city logistics. These platforms will bring together different actors to exchange knowledge, work on innovative pilot projects and implement results within policy strategies and the urban logistics system.

Latest developments:

- **Mid-term Conference Edinburgh** In progress
 - SEStran & Edinburgh Napier University are hosting the Surflogh Mid-term Conference on the 29th May 2019. The theme will be: *Sustainable City Logistics in Action*
 - As the Surflogh project approaches midterm, it is time to bring each other up to speed. The project partners want to share and exchange progress and ideas on smart, sustainable solutions for last mile delivery with our stakeholders from the transport and retail sectors, urban developers, universities and government authorities.
 - For more info please visit www.surfloghedinburgh.co.uk
- **Development of business case with Edinburgh Napier University** In progress
 - SEStran is leading on a work package along with Edinburgh Napier University Transport Research Institute (TRI), developing business models for urban freight hubs. Our business models will focus on the scalability and applicability of models for different locations and

circumstances. Practical lessons and insights from our work package will be published via case studies.

- The first stage of the research will be presented at the STAR Conference on 22 May 2019.
- **Edinburgh Pilot – ZEDIFY** In progress
 - The pilot is up and running and currently delivering up to one pallet worth of small packets in central Edinburgh from a site west of Haymarket station.

3.4 BLING



Blockchain is a key enabling technology that will underpin efforts to deliver innovative services under the Digital Agenda for Europe. The BLockchain IN Government (BLING) project focuses on providing one of the first dedicated platforms to bring these tools and approaches into local and regional services. SEStran will be working with thirteen project partners to deliver the project. SEStran will be developing a pilot with the University of Edinburgh, which will showcase innovative use of the technology in a transport environment.

Latest developments:

- **Development of Edinburgh Pilot** In progress
 - The University of Edinburgh team at Design Informatics supported by SEStran is prototyping ways to create Location Based Smart Contracts – agreements about the location and relations of smart objects in space that allow conditions such as proximity or co-location to trigger actions like financial transfers or opening physical locks. These systems are backed with blockchains, to explore new techniques for make location data secure without being invasive.
 - The technology was successfully demonstrated at a number of events and the next stage of the pilot will involve developing a ‘real world’ test case.

3.5 PriMaaS



Mobility-as-a-Service (MaaS) is a recent concept whose main objective is to change the way people travel and pay for mobility services. The main vision of PriMaaS is to promote the integration of traditional collective transport modes with personal and innovative ones by creating equitable mobility services truly focused on citizens’ needs.

Latest developments:

- **Finalising project application and budget** In progress
 - The European Joint Secretariat approved the project on a conditional basis, and SEStran has been working with the lead partner to clarify some elements in the project application and budget. It is expected that the project will be approved on an unconditional basis by the end of the month.

- Once fully approved, the project will officially commence on 1 August 2019. SEStran will attend the kick-off meeting where the partners will meet and discuss the priorities and identify best practices for the upcoming 4 years.

4. Strategy Developments

4.1 TravelVU: Getting a VU on Edinburgh



SEStran was successful in a bid to Smarter Choices Smarter Places Open Fund in November 2018 and was awarded £13,650 in match funding to collect travel data in and around Edinburgh through the TravelVU app developed by Trivector Traffic AB.

Latest developments:

- **Data collection through TravelVU App** In progress
 - The data collection period ran from 4th March to the end of May 2019.
 - A lower than expected participation has produced a range of journeys, which are being analysed by Trivector to establish what GIS mapping can be created to aggregate data and anonymise journeys made. Trivector are establishing the limits of sharing this data with regards to identifying individual journeys.
 - The final report to the Open Fund will be completed and ready for presentation in July.

4.2 Electric Vehicle Strategy



SEStran is working with the Local Authorities to develop an Electric Vehicle (EV) Strategy for the region which aims at addressing the barriers to the EV uptake and the challenges faced by local authorities when implementing EV infrastructure. This will form an integral part of the new Regional Transport Strategy.

Latest developments:

- **Development of draft EV Strategy** In progress

SEStran held an initial meeting with officers from the Local Authorities to identify the challenges to implement and maintain EV infrastructure. The City of Edinburgh Council briefed the group on their Electric Vehicle Action Plan and On-Street Business Case for Charging, which sets out different growth scenarios for 2020 and 2023. With the knowledge obtained from this meeting, SEStran will work towards a draft EV strategy and determine what the strategy is going to deliver. Since the first meeting, SEStran has been working on the draft outline for the strategy and has been implementing the comments from officers.

4.3 Regional Transport Strategy



SEStran's original Regional Transport Strategy (RTS) was approved in March 2007 and covered the period from 2008 until 2015. The strategy was subject to a refresh in August 2015 and covers the period until 2025.

Latest developments:

- **Main Issues Report**

In progress

- SEStran will now begin the process of preparing a "Main Issues" report, as a prelude to a complete review of the RTS. SEStran will employ external experts to prepare the Main Issues Report.
- A scoping exercise is underway to identify the extent of work needed to deliver the new RTS.
- A paper will be presented to the SEStran Partnership Board in June outlining the proposed project delivery and governance structure and proposing a timeline for the initial phases of the project.

5. SEStran forums & upcoming events

5.1 SEStran Forum Meetings



SEStran hosts three different forum groups which are all held twice a year. The aim of these forums is to provide a platform for interested parties to come together and to provide a regional voice in various transport-related matters.

Upcoming meetings:

- **Logistics and Freight Forum**

The latest forum meeting was held at the Radisson Blu in Edinburgh on 31 May 2019 and was linked to a SURFLOGH partner meeting.

- **Equalities and Access to Healthcare Forum**

The next meeting will be held at Victoria Quay on 2 October 2019.

- **Integrated Mobility Forum**

The next meeting will be held at Victoria Quay on 10 October 2019.