

PERFORMANCE & AUDIT COMMITTEE
Mandela Room, City Chambers, Edinburgh, EH1 1YJ
Friday 6th September 2019 – 10:00am

AGENDA

	Page Nos.
1. ORDER OF BUSINESS	
2. APOLOGIES	
3. DECLARATIONS OF INTEREST	
4. MINUTES OF THE P&A COMMITTEE- FRIDAY 7TH JUNE 2019	2
5. EXTERNAL AUDIT ANNUAL REPORT 2018/19- Report by Scott Moncrieff	6
6. AUDITED ANNUAL ACCOUNTS 2018/19 – Report by Hugh Dunn, Treasurer	40
7. DRAFT ANNUAL REPORT 2018/19- Report by Keith Fisken	90
8. GRIEVANCE POLICY AND PROCEDURE REVIEW – Report by Gavin King, Secretary	114
9. PROJECTS PERFORMANCE – Report by Keith Fisken	123
10. DATE OF NEXT MEETING The date of the next meeting has been scheduled for 10:00am on Friday 22nd November 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

30 August 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

**HELD IN THE MANDELA ROOM, CITY CHAMBERS, EDINBURGH, EH1 1YJ
ON FRIDAY 7 JUNE 2019
10AM**

PRESENT:	<u>Name</u>	<u>Organisation Title</u>
	Councillor Imrie (Chair)	Midlothian Council
	Councillor Dempsey	Fife Council
	Councillor Fullarton	Scottish Borders Council
	Councillor Murtagh	Falkirk Council
	Callum Hay	Non-Councillor Member
	Simon Hindshaw	Non-Councillor Member
	Doreen Steele	Non-Councillor Member
	Barry Turner	Non-Councillor Member

IN ATTENDANCE:	<u>Name</u>	<u>Organisation Title</u>
	Jim Grieve	SEStran
	Angela Chambers	SEStran
	Gavin King	City of Edinburgh Council
	Lesley Birrell	City of Edinburgh Council
	Iain Shaw	City of Edinburgh Council
	Karen Jones	Scott Moncrieff

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 Donald Balsillie.

A3. DECLARATION OF INTERESTS

None.

A4. MINUTES

- 1) To approve the minute of the Special Meeting of the Performance and Audit Committee of 3 May 2019 as a correct record.
- 2) To approve the minute of the Performance and Audit Committee of 8 March 2019 as a correct record.

A5. UNAUDITED ANNUAL ACCOUNTS 2018/19

The Unaudited Annual Accounts for 2018/2019 were submitted in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

The accounts were subject to audit and the audited Annual Accounts, incorporating the Auditor's report, would be presented to the Performance and Audit Committee and Partnership Board in due course.

The net revenue budget of the Partnership in 2018/19 was £0.972m funded by Government Grant and Council contributions. Overall the Partnership had an underspend of £40,000 which was due to a combination of core revenue budget and project budget underspends offset by additional costs incurred on the Real Time Passenger Information project.

Decision

- 1) To note the unaudited Annual Accounts for 2018/19 and refer the Unaudited Accounts to the Partnership Board for review.
- 2) To note 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.

(Reference – report by the Treasurer, submitted)

A6. ANNUAL TREASURY REPORT 2018/19

The Annual Treasury Report for 2018/19 was submitted in line with the requirements of the CIPFA Code of Practice on Treasury Management in the Public Sector.

Decision

To note the Annual Treasury Report for 2018/19 and refer it to the Partnership Board for noting.

(Reference – report by the Treasurer, submitted)

A7. RISK FRAMEWORK

The six-monthly update on the risk register was presented. Changes to the register since the last update were highlighted as set out in the appendix to the report.

The Partnership Director advised that the Strategic Development Plan for the SESplan area (SESPlan2) had recently been rejected by the Scottish Government, on the basis that the Scottish Ministers

were not satisfied that the Plan had been informed by an adequate and timely Transport Appraisal. The Scottish Ministers also stated that the plan did not take sufficient account of the relationship between land use and transport and that they do not support the use of supplementary guidance to resolve this issue. Members discussed in detail the implications of the decision and whether there would be any reputational risk to SEStran, albeit that responsibility for production of the Plan rests entirely with SESplan as the Strategic Development Planning Authority.

Decision

- 1) To note the report.
- 2) To note that a final version of the Risk Register would be presented to Partnership Board for noting.
- 3) To request the Partnership Director to prepare a briefing paper for Performance and Audit Committee members setting out the background to the development of SESPlan2 and a potential course of action for SEStran arising from the rejection of the Plan by Scottish Ministers in advance of the Partnership Board meeting on 21 June 2019.
- 4) To review the Risk Register to reflect any changes to reputational risk.

(Reference – report by the Business Manager, submitted)

A8. PROJECTS PERFORMANCE AND EU EXIT UPDATE

Information was provided on the current status and progress of the various projects SEStran was involved in including an update on the position on the EU exit process.

The Partnership Director provided further progress updates to members on those projects highlighted as “delayed” in the report.

Decision

- 1) To note the report.
- 2) To note that the Partnership Director continued to have discussions with transport providers around further development of the Thistle Assistance Card and App.
- 3) To note that officers are progressing a placement opportunity with Inclusion Scotland to assist with the further development of the App.

(Reference – report by the Partnership Director, submitted)

A9. DATE OF NEXT MEETING

Friday 6 September 2019 at 10.00am in the Mandela Room, City Chambers,
Edinburgh, EH1 1YJ

South East of Scotland Transport Partnership

2018/19 Annual Audit Report to members of South East of
Scotland Transport Partnership and the Controller of Audit

September 2019





Table of contents

1. Key messages	1
2. Introduction	3
3. Annual accounts	6
4. Wider scope	15
5. Appendices	20



1. Key messages





Annual accounts audit

South East of Scotland Transport Partnership (SESTRAN) annual accounts for the year ended 31 March 2019 are due to be approved by the Partnership on 27 September 2019. Our independent auditor's report includes an unqualified opinion on the annual accounts and on other prescribed matters. There are no matters which we are required to report by exception.

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

Wider scope audit

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

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

Our conclusions and key observations are set out below:



Governance statement

- We have reviewed the Annual Governance Statement and have found that it is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).



Financial sustainability

- The Partnership has yet to develop medium to long term financial plans. As reported in prior years, the Partnership has noted that there is a large degree of uncertainty over funding allocations from council requisitions and the Scottish Government, and therefore does not prepare medium to long-term financial plans. We understand the Partnership intends to review and develop medium term financial plans over the course of 2019/20, following the enactment of the Transport (Scotland) Bill and the publication of three-year funding settlements from the Scottish Government.

Conclusion

This report concludes our audit for 2018/19. Our work has been performed in accordance with the Audit Scotland Code of Audit Practice, International Standards on Auditing (UK) and Ethical Standards.

Scott-Moncrieff
September 2019



2. Introduction

This report is presented to those charged with governance and the Controller of Audit and concludes our audit of South East of Scotland Transport Partnership (the “Partnership”) for 2018/19.

We carried out our audit in accordance with Audit Scotland’s Code of Audit Practice (May 2016). This report also fulfils the requirements of International Standards on Auditing (UK) 260: Communication with those charged with governance.

We have designated the Partnership’s Performance and Audit Committee as “those charged with governance”.



Introduction

1. This report summarises the findings from our 2018/19 audit of the South East of Scotland Transport Partnership (“the Partnership”).
2. We outlined the scope of our audit in our External Audit Plan, which we presented to the Performance and Audit Committee at the outset of our audit. The core elements of our work include:
 - an audit of the 2018/19 annual accounts and related matters;
 - consideration of the Partnership’s arrangements against the audit dimensions within the Code of Audit Practice (Exhibit 1); and
 - any other work requested by Audit Scotland.

Exhibit 1: Audit dimensions within the Code of Audit Practice



3. The Partnership is responsible for preparing annual accounts which show a true and fair view and for implementing appropriate internal control systems. The weaknesses or risks identified are only those that have come to our attention during our normal audit work, and may not be all that exist. Communication in this report of matters arising from the audit of the annual report and accounts or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
4. The report contains an action plan with specific recommendations, responsible officers and dates for implementation. Senior management should assess these recommendations and consider their wider implications before deciding on appropriate actions. We give each recommendation a grading to help the Partnership assess their significance and prioritise the actions required.
5. We would like to thank all management and staff for their co-operation and assistance during our audit.

Confirmation of independence

6. International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.
7. We confirm that we have complied with the Financial Reporting Council’s (FRC) Revised Ethical Standard (June 2016). In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way.
8. We set out in Appendix 1 our assessment and confirmation of independence.



Adding value through the audit

9. All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Partnership through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Partnership promote improved standards of governance, better management and decision making and more effective use of resources.

Feedback

10. Any comments you may have on the service we provide, the quality of our work and our reports would be greatly appreciated at any time. Comments can be reported directly to the audit team or through our online survey:
www.surveymonkey.co.uk/r/S2SPZBX
11. This report is addressed to the Partnership and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk.



3. Annual accounts

The Partnership’s annual accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources. In this section we summarise the findings from our audit of the 2018/19 annual accounts.



Annual accounts

An unqualified audit opinion on the annual accounts

The annual accounts for the year ended 31 March 2019 are due to be approved by the Partnership on 27 September 2019. We intend to report unqualified audit opinions within our independent auditor's report.

Overall conclusion

An unqualified audit opinion on the annual accounts

12. The annual accounts for the year ended 31 March 2019 are due to be considered by the Performance and Audit Committee on 6 September 2019 and approved by the Partnership on 27 September 2019. We intend to report within our independent auditor's report:
 - An unqualified opinion on the financial statements; and
 - An unqualified opinion on other prescribed matters.
13. We are also satisfied that there were no matters which we are required to report by exception.

Good administrative processes were in place

14. We received the unaudited annual accounts and supporting papers of a good standard. Our thanks go to management and staff at the Partnership and City of Edinburgh Council for their assistance with our work.

Our assessment of risks of material misstatement

15. The assessed risks of material misstatement described in Exhibit 2 are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. Our audit procedures relating to these matters were designed in the context of our audit of the annual accounts as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the annual accounts is not modified with respect to any of the risks described in Exhibit 2.



Exhibit 2 – Our assessment of risks of material misstatement and how the scope of our audit responded to those risks

1. Management override

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

Excerpt from the 2018/19 External Audit Plan

16. We have not identified any indications of management override in the year. We have reviewed the Partnership's accounting records and obtained evidence to ensure that transactions were valid and accounted for correctly. We have also reviewed management estimates and the journal entries processed in the period and around the year end. We did not identify any areas of bias in key judgements made by management and judgements were consistent with prior years.
17. During our prior year audit, we recommended that user access controls to the financial ledger should be strengthened. At that time, any member of the City of Edinburgh Council finance team with ledger access could post to the Partnership's financial ledger. We noted during our current year audit that arrangements have now been put in place to restrict access to the Partnership's financial ledger.

2. Revenue recognition

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

Excerpt from the 2018/19 External Audit Plan

18. At the planning stage of our audit cycle, we reported that for Scottish Government grant funding and council requisitions, the risk of revenue recognition could be rebutted due to a lack of incentive and opportunity to manipulate revenue of this nature. Our assessment of this risk has been reviewed throughout the audit and our conclusion to rebut this risk in respect of Scottish Government grant funding and council requisitions has remained appropriate.
19. For all other income streams, we have gained reasonable assurance over the completeness and occurrence of income and are satisfied that income is fairly stated in the annual accounts. To inform our conclusion, we reviewed the controls in place over revenue accounting. We also considered the Partnership's revenue recognition policy and carried out testing to confirm that the policy was consistently applied throughout the year.



3. Risk of fraud in the recognition of expenditure

In 2016, the Public Audit Forum issued Practice Note 10 “*The Audit of Public Sector Financial Statements*” which applies to the audit of public sector financial statements for periods commencing after June 2016. This Practice Note recognises that most public sector bodies are net spending bodies and notes that there is an increased risk of material misstatement due to improper recognition of expenditure.

Excerpt from the 2018/19 External Audit Plan

20. While we did not suspect incidences of material fraud and error, we evaluated each type of expenditure transaction and documented our conclusions. We have gained reasonable assurance on the completeness and occurrence of expenditure and are satisfied that expenditure is fairly stated in the annual accounts. To inform our conclusion, we carried out testing to confirm that Partnership’s policy for recognising expenditure is appropriate and has been applied consistently throughout the year.
21. During our prior year audit, we noted that in the absence of the Partnership Director, that appropriate contingency arrangements for the approval of expenditure had not been established. The Partnership took immediate action in response to this finding in 2018 and implemented appropriate arrangements. Further detail of the action taken by the Partnership and our audit findings during the current year are reported in Appendix 2. Overall we have concluded that the associated recommendation to this finding has been implemented.

4. Property, plant and equipment

As at 31 March 2018, the Partnership held £0.422million in property, plant and equipment. This primarily relates to a high volume of low value technology equipment which is held in a variety of locations across the south east of Scotland.

During our 2016/17 audit, we identified a number of control weaknesses with respect of the recording and valuing assets. Improvements were made during 2017/18, but this work is ongoing.

Due to the nature of equipment held by the Partnership there is a risk that asset records maintained may not be accurate and equipment values may not be appropriate if technology becomes obsolete.

Excerpt from the 2018/19 External Audit Plan

22. We have reviewed the steps taken by officers to improve the maintenance of the fixed asset register. The work carried out by the Partnership and the financial accountant have increased the amount of detailed information held on the register for each asset. The previous registers have been amalgamated to include all assets owned by the Partnership on one main register.
23. Our work carried out during the 2018/19 audit has confirmed that the level of detail now held for each asset should mitigate the risk of inaccurate records held.
24. However, in order to ensure the value of assets held is appropriate we require to review the valuation exercise carried out by management throughout the year. During discussions with management we noted that a review has not been carried out prior to year end. Whilst this exercise is important for confirming the condition and value of assets, management have confirmed that they have not identified any concerns over the value of assets currently held by the Partnership throughout the year.



25. Therefore, whilst we have noted a missing control which can be implemented to strengthen the Partnerships year end process, we do not believe this to have had a material effect on the 2018/19 annual accounts.

Action Point 1

5. Pension assumptions

An actuarial estimate of the pension fund assets and liabilities is calculated on an annual basis under IAS 19 and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up-to-date membership data held by the pension fund and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities.

Due to the timing of the publication of unaudited accounts, IAS 19 valuations are typically performed in advance of actual investment returns being available. This results in the valuation also including an assumption regarding the investment returns of assets held by the fund for the final quarter of the financial year. Financial markets have experienced significant volatility in the last year and this trend has continued into 2019 which may result in challenges in estimating expected return on assets.

Excerpt from the 2018/19 External Audit Plan

26. We obtained the information provided to the actuary and agreed to source documentation to confirm accuracy. We reviewed the assumptions used by the actuary and compared these to benchmarks across the sector.
27. The unaudited annual accounts were prepared based on an actuarial report received in April 2019. A subsequent actuarial report was received in May 2019 which had been revised to take account of the year-end results of Lothian Pension Fund. However, this did not result in any change for the Partnership.
28. The net pension liability within the audited annual accounts was further revised to take account of the financial effects of the 'McCloud Judgement' and the General Minimum Pension (GMP) equalisation:
- **McCloud Judgement:** This case related to an employment tribunal ruling that transitional provisions impacting on a public sector final salary scheme were unlawfully age discriminatory. This was upheld in the Courts in December 2018 although the Government at that stage sought leave to appeal this judgement. The ruling has implications for all public service schemes including the LGPS funds. In June 2019, the Supreme Court rejected the Government's request for a further appeal.
 - **Guaranteed minimum pension (GMP)** was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men's and women's benefits. As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.
29. Management requested a revised actuarial report from its Actuary. The financial effect of these pension issues has resulted in an increase in the net pension liability of £30,000.



30. As at 31 March 2019, the Board reported a net pension liability of £0.867million, compared to a net pension liability of £0.662million as at 31 March 2018. In addition to the increase in the deficit due to the circumstances noted above, the in-year movement has arisen primarily due to changes in financial assumptions made by the actuary.

Our application of materiality

31. The assessment of what is material is a matter of professional judgement and involves considering both the amount and the nature of the misstatement. This means that different materiality levels will be applied to different elements of the financial statements.
32. Our initial assessment of materiality for the annual accounts was £16,000. On receipt of the 2018/19 draft accounts, we reassessed materiality and reset it to £14,400. We consider that our updated assessment has remained appropriate throughout our audit.
33. Our assessment of materiality is set with reference to gross expenditure. We consider this to be the principal consideration for the users of the financial statements when assessing the financial performance.

Performance materiality

34. Performance materiality is the amount set by the auditor for each financial statement area, to reduce to an appropriately low level the probability that collectively any uncorrected and undetected misstatements are less than materiality for the financial statements as a whole.
35. We set a performance (testing) materiality for each area of work which was based on a risk assessment for the area. We perform audit procedures on all transactions and balances that exceed our performance materiality. This means that we are performing a greater level of testing on the areas deemed to be of significant risk of material misstatement. Performance testing thresholds used are set out in the table below:

	Area risk assessment		
	High	Medium	Low
Performance materiality	5,760	7,200	9,360

36. We agreed with the Performance and Audit Committee that we would report on all material corrected misstatements, uncorrected misstatements with a value in excess of 5% of the overall materiality figure, as well as other misstatements below that threshold which, in our

view, warranted reporting on qualitative grounds. We also report to the Performance and Audit Committee on disclosure matters that we identified when assessing the overall presentation of the annual accounts.

Audit differences

37. One adjustment was made to the annual accounts in respect of the net pension liability (paragraphs 26-30). There were no unadjusted differences to the unaudited annual accounts.

Board representations

38. We have requested that a signed representation letter be presented to us at the date of signing the financial statements. This letter is to be signed by the Treasurer on behalf of the Partnership.

An overview of the scope of our audit

39. The scope of our audit was detailed in our External Audit Plan, which was presented to the Performance and Audit Committee in March 2019. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Partnership. This ensures that our audit focuses on the areas of highest risk. Planning is a continuous process and our audit plan is subject to review during the course of the audit to take account of developments that arise.
40. At the planning stage we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.
41. Our standard audit approach is based on performing a review of the key financial systems in place, substantive tests and detailed analytical procedures. Tailored audit procedures, including those designed to address significant risks, were completed by the audit fieldwork team and the results were reviewed by the audit management team. In performing our work we have applied the concept of materiality, which is explained earlier in this report.

Legality

42. We have planned and performed our audit recognising that non-compliance with statute or regulations may materially impact on the annual



accounts. Our audit procedures included the following:

- Reviewing minutes of relevant meetings;
 - Enquiring of senior management and the Partnership's solicitors the position in relation to litigation, claims and assessments; and
 - Performing detailed testing of transactions and balances.
43. We are pleased to report that we did not identify any instances of concern with regard to the legality of transactions or events.

Other matters identified during our audit

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

The Local Authority Accounts (Scotland) Regulations 2014

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

Management commentary

46. The Local Authority Accounts (Scotland) Regulations 2014 require local authority bodies to include a management commentary within the annual accounts. The management commentary is intended to assist readers in understanding the annual accounts and the organisation that has prepared them.
47. As auditors we are required to read the management commentary and express an opinion as to whether it is consistent with the annual accounts. We have concluded that the management commentary is consistent with the annual accounts and has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003.

Annual governance statement

48. We have reviewed the annual governance statement and have found that it is consistent with the annual

accounts and has been prepared in accordance with Delivering Good Governance in Local Government Framework (2016). We have provided further detail on our work and findings within the Wider Scope section of our report (section 4).

Remuneration report

49. Our independent auditor's report confirms that the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Going concern

50. As at 31 March 2019, the Partnership reported a net liability position of £0.521million.
51. In line with the Transport Scotland Act 2005, the Partnership does not hold useable reserves. The balance on the unusable reserves therefore increased to a net liability position of £0.491million. This is due to the net pension liability of £0.867million as at 31 March 2019.
52. In the Partnership's opinion, the organisation will be able to continue for the foreseeable future. The Partnership has adequate budget to meet the ongoing employer contributions required by Lothian Pension Fund.

Related parties

53. Local government bodies are required to make relevant disclosures in the annual accounts in respect of related parties. We concluded during our audit that while the relevant disclosures had been made in the annual accounts; improvements could be made over the procedures for collating this information as follows:
- **Identification of potential related parties:** One way which the Partnership can identify potential related parties is through the maintenance of a register of interests. We noted during our audit that the 2018/19 annual updating of the register of interests by members of the Partnership had not been fully completed.
 - **Related party transactions:** Once potential related parties have been identified, an exercise should be carried out to review accounting records for transactions associated with those

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



related parties. This part of the process is carried out by the City of Edinburgh Council (the Council) on behalf of the Partnership and is dependent on potential related parties being identified by management at the Partnership and reported to the Council. We would encourage both management at the Partnership and the Council to review existing procedures to ensure these are carried out in the most efficient and effective way.

Action Point 2

Follow up of prior year recommendations

54. As part of our audit we have followed up the agreed audit recommendations from prior years which were yet to be implemented. Detail on these recommendations is included in the action plan at Appendix 2.

Looking forward – IFRS 16 Leases

55. IFRS 16 Leases will be effective from 1 April 2020. IFRS 16 Leases will lead to a substantial change in accounting practice for lessees where the current distinction between operating and finance leases will be removed. Instead, it requires that a lessee recognises assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee will recognise a right-of-use asset representing its right to use the underlying leased property, and a lease liability representing the lessee's obligation to pay for that right.
56. There are new requirements for measurement of the lease liability where it will initially be measured at the present value of the lease payments payable over the lease term but may rise to reflect any reassessment or lease modifications, or revised lease payments.
57. This will be a key area of focus for our 2019/20 audit.

Qualitative aspects of accounting practices and financial reporting

58. During the course of our audit, we consider the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the annual accounts. The following observations have been made:



Qualitative aspect considered	Audit conclusion
The appropriateness of the accounting policies used.	The accounting policies, which are disclosed in the annual accounts, are considered appropriate to the Partnership.
The timing of the transactions and the period in which they are recorded.	We did not identify any concerns over the timing of transactions or the period in which they were recognised.
The appropriateness of the accounting estimates and judgements used.	<p>We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the annual accounts. Significant estimates have been made in relation to pension liabilities. We consider the estimates made, and the related disclosures, to be appropriate to the Partnership.</p> <p>We evaluated the competence, objectivity and capability of management experts in line with the requirements of ISA (UK) 500 and concluded that use of the expert is appropriate.</p>
The appropriateness of the going concern assumption	We have reviewed the financial forecasts for 2019/20. Our understanding of the legislative framework and activities undertaken provides us with sufficient assurance that the Board will continue to operate for at least 12 months from the signing date.
The potential effect on the annual accounts of any uncertainties, including significant risks and related disclosures that are required.	We have not identified any uncertainties, including any significant risk or required disclosures, which should be included in the annual accounts.
The extent to which the annual accounts have been affected by unusual transactions during the period and the extent that these transactions are separately disclosed.	From the testing performed, we identified no significant unusual transactions in the period.
Apparent misstatements in the management commentary or material inconsistencies with the accounts.	The management commentary contains no material misstatements or inconsistencies with the accounts.
Any significant annual accounts disclosures to bring to your attention.	There are no significant annual accounts disclosures that we consider should be brought to your attention. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately.
Disagreement over any accounting treatment or annual accounts disclosure.	There was no material disagreement during the course of the audit over any accounting treatment or disclosure.
Difficulties encountered in the audit.	There were no significant difficulties encountered during the audit.



4. Wider scope

Following consideration of the size, nature and risks of the Partnership, the application of the full wider scope audit is judged by us not to be appropriate. Our annual audit work on the wider scope has therefore been restricted to:

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



Wider scope conclusions



Governance statement

We are satisfied that the Annual Governance Statement for the year to 31 March 2019 is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).



Financial sustainability

The Partnership has yet to develop medium to long term financial plans. As reported in prior years, the Partnership has noted that there is a large degree of uncertainty over funding allocations from council requisitions and the Scottish Government, and therefore does not prepare medium to long-term financial plans. We understand the Partnership intends to review and develop medium term financial plans over the course of 2019/20, following the enactment of the Transport (Scotland) Bill and the publication of three-year funding settlements from the Scottish Government.

Our approach to the wider scope audit

59. Our approach to the wider scope audit (as set out in our 2018/19 External Audit Plan) builds upon our understanding of the Partnership which we developed from previous years, along with discussions with management and review of relevant minutes and key strategy documents.

60. During our audit we also considered the following risk areas as they relate to the Partnership:

- EU withdrawal
- Changing landscape of public financial management
- Dependency on key suppliers
- Openness and transparency

61. Overall we concluded that the Partnership has appropriate arrangements in place in respect of these areas as noted below:

Impact of EU withdrawal

The Partnership has assessed the impact of EU withdrawal on the organisation and concluded that, given the nature and scope of activities, that the impact will be minimal. The current grant funding from the EU is a relatively low proportion of the overall income the Partnership receives.

Changing landscape of financial management

The Cabinet Secretary for Finance, Economy and Fair Work has confirmed the intention to bring forward a three-year funding settlement for local government from the 2020/21 budget onwards, which may assist the Partnership with planning for longer-term funding assumptions.

The Transport (Scotland) Bill was introduced to Parliament in 2018. The most significant potential impact for the Partnership is that regional transport partnerships would be given the authority to hold reserves. This would provide the Partnership with greater financial flexibility and help facilitate longer term financial planning.

Our findings on the Partnership's development of medium to long term financial plans are set out in paragraph 67).



Dependency on key suppliers

Following the collapse of Carillion, it became apparent that public sector bodies face significant risks where key suppliers are experiencing difficult trading conditions.

The Partnership has not identified any suppliers that they rely on for services which would have a detrimental effect on the Partnership should the relationship cease. We consider this to be appropriate due to the nature of the supplier relationships.

Openness and transparency

We consider the Partnership to exhibit good practice with respect to their openness and transparency arrangements through the following:

- Publication of relevant minutes on its website;
- Key publications including the Regional Transport Strategy, Regional Transport Strategy Delivery Plan, Business Plan and Annual Accounts are available on its website;
- Range of methods used to communicate with stakeholders.



Governance statement

Our audit opinion considers whether the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

62. We are satisfied that the Annual Governance Statement for the year to 31 March 2019 is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).
63. The Treasurer has confirmed that in their opinion, reasonable assurance can be placed upon the adequacy and effectiveness of the systems of internal financial control.
64. From our audit work performed we concluded that the Partnership has adequate systems in place to record, process, summarise and report financial and other relevant data. We have not identified any significant weaknesses or governance issues in the Partnership's accounting and internal control systems. We are satisfied that appropriate action has been taken to address the significant governance issue identified in the prior year.
65. The Board's internal audit function is provided by City of Edinburgh Council's Internal Audit service. We have taken cognisance of the work of internal audit in forming our opinion on the appropriateness of the disclosures in the annual governance statement.



Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the Partnership is planning effectively to

continue to deliver its services or the way in which they should be delivered.

Significant audit risk

66. Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities

Financial sustainability

In 2017/18 we concluded that while arrangements are in place for short-term financial planning, we recommended that further work is carried out to consider the long-term financial priorities of the Partnership.

The Partnership has a 10 year Regional Transport Strategy (RTS) (2015-2025) in place. During 2019/20 the Partnership plans to commence the process of re-writing the RTS. A supporting business plan for 2018-19 outlines the planned travel and transport projects to be delivered by the Partnership for the next year. While the strategy sets out the long-term objectives of the Partnership, revenue funding is generally only confirmed for the forthcoming financial year. This therefore challenges the Partnership's ability to agree detailed long-term plans and objectives.

The Transport (Scotland) Bill was introduced to Parliament on 8 June 2018 and is currently at Stage 1 in the legislative process. As it stands, the most significant potential impact for the Partnership is that regional transport partnerships would be given the authority to hold reserves which would provide the Partnership with greater financial flexibility.

In addition a review of the National Transport Strategy is currently underway. A formal public consultation on the National Transport Strategy 2 is due to be published in the summer with the expectation that the finalised strategy will be adopted before the end of 2019. This review may bring changes which the Partnership cannot currently be reflected in long term financial planning.

Excerpt from the 2018/19 External Audit Plan

67. The Partnership has yet to develop medium to long term financial plans. Arrangements are in place for short term (1 year) financial planning, with budgets aligned to its annual business plan and its 10 year Regional Transport Strategy (2015-2025). However, as reported in prior years, the Partnership has noted that there is a large degree of uncertainty over funding allocations from council requisitions and the Scottish Government, and therefore does not prepare medium to long-term financial plans. We understand the Partnership intends to review and develop medium term financial plans over the course of 2019/20, following the enactment of the Transport (Scotland) Bill and the publication of three-year funding settlements from the Scottish Government.

Refer to prior year action plan point 6

2019/20 budget

68. In February 2019, the Partnership approved a one-year budget for 2019/20 of £1.274million. The 2019/20 budget assumes no change from the 2018/19 Council requisition (£190,000) and Scottish Government funding settlement (£782,000).

However, the accounting deficit includes certain elements of income and expenditure that need to be accounted for to comply with the Code of Practice on Local Authority Accounting in the United Kingdom (the 2018/19 Code).

The Partnership's performance in 2018/19

69. The Comprehensive Income and Expenditure Statement for 2018/19 shows that the Partnership spent £1.470million on the delivery of services, resulting in an accounting deficit of £147,000.

70. Taking account of these adjustments, no surplus or deficit has been generated in 2018/19. This is in line with technical guidance (based on interpretation of the Transport (Scotland) Act 2005), where regional transport partnerships are not permitted to generate a surplus or deficit on the general fund.



71. The Partnership did however report an underspend against budget of £40,000 as shown in Exhibit 3. The underspend position was primarily due to a combination of core revenue budget and project budget underspends, offset by additional costs

incurred on the RTPi project. In March 2019, the Partnership approved in principle that the underspend be carried forward to 2019/20 to be available for allocation to Sustainable and Active Travel projects.

Exhibit 3: Performance against target

	Revised Budget £000	Outturn £000	Variance £000
Core Service	531	544	13
Revenue Projects – Net Expenditure	375	303	(72)
RPTI 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



5. Appendices





Appendix 1: Respective responsibilities of the Partnership and the Auditor

Responsibility for the preparation of the annual accounts

The Board is required to make arrangements for the proper administration of its financial affairs and to secure that proper officer of the Partnership has the responsibility for the administration of those affairs. At the Partnership, that officer is the Treasurer.

The Treasurer is responsible for the preparation of the annual accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the annual accounts, the Treasurer is responsible for:

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

The Treasurer is also responsible for:

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

Auditor responsibilities

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

- they give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of the affairs of the body as at 31 March 2019 and of its income and expenditure for the year then ended;
- they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code;
- they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014 and the Local Government in Scotland Act 2003;
- the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014;
- the information given in the Management Commentary is consistent with the financial statements and has been prepared in accordance with statutory guidance issued under the Local Government Scotland Act 2003; and
- the information given in the Annual Governance Statement is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

We are also required to report, if in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with accounting records; or
- we have not received all the information and explanations we require for our audit.



Wider scope of audit

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

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

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

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

Best value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure best value.

Our work in respect of the Partnership's best value arrangements has been integrated into our audit approach, including our work on the wider scope audit dimensions.

Independence

International Standard on Auditing (UK) 260 "Communication with those charged with governance" requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We confirm that we complied with FRC's Revised Ethical Standard (June 2016). In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way. In particular there are and have been no relationships between Scott-Moncrieff, the Partnership and senior management that may reasonably be thought to bear on our objectivity and independence.



Appendix 2: Action plan

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

Action plan grading structure

To assist the Partnership in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been rated.

The rating structure is summarised as follows:

Grade	Explanation
Grade 5	Very high risk exposure - Major concerns requiring immediate attention.
Grade 4	High risk exposure - Material observations requiring management attention.
Grade 3	Moderate risk exposure - Significant observations requiring management attention.
Grade 2	Limited risk exposure - Minor observations requiring management attention
Grade 1	Efficiency / housekeeping point.



Current year action plan

Action plan point	Issue & recommendation	Management comments
<p>1. Property Plant and Equipment – impairment and verification exercise</p> <p>Rating</p> <p>Grade 3</p> <p>Paragraph Ref</p> <p>25</p>	<p>Issue</p> <p>We have identified that management have not carried out an exercise over the fixed asset register to confirm the existence of its assets and the current condition to identify any required impairments.</p> <p>Risk</p> <p>There is a risk that assets have become impaired throughout the year and this has not been identified by management. This could lead to inaccuracies in the asset register.</p> <p>Recommendation</p> <p>We would encourage the Partnership to carry out both an impairment exercise over its assets as well as a continual verification exercise. This will allow the Partnership to hold assets at the correct carrying value.</p>	<p>Work to address previous years External Audit comments in respect of the fixed asset register required an ongoing exercise to update property, plant and equipment asset records during 2018/19, reducing the risk of inaccuracies in the asset register for 2018/19. From 2019/20 onwards, a formal exercise will be carried out to confirm the existence of assets and their current condition.</p> <p>Responsible officer: Partnership Director</p> <p>Implementation date: 31 March 2020</p>



Action plan point	Issue & recommendation	Management comments
<p data-bbox="199 275 410 302">2. Related Parties</p> <p data-bbox="199 342 277 369">Rating</p> <p data-bbox="199 443 293 470">Grade 3</p> <p data-bbox="199 548 367 575">Paragraph Ref</p> <p data-bbox="199 611 228 638">53</p>	<p data-bbox="513 247 573 275">Issue</p> <p data-bbox="513 279 927 449">We concluded during our audit that while the relevant disclosures had been made in the annual accounts; improvements could be made over the procedures for collating this information as follows:</p> <ul data-bbox="513 485 927 1325" style="list-style-type: none"> <li data-bbox="513 485 927 779">• Identification of potential related parties: One way which the Partnership can identify potential related parties is through the maintenance of a register of interests. We noted during our audit that the 2018/19 annual updating of the register of interests by members of the Partnership had not been fully completed. <li data-bbox="513 789 927 1325">• Related party transactions: Once potential related parties have been identified, an exercise should be carried out to review accounting records for transactions associated with those related parties. This part of the process is carried out by the City of Edinburgh Council (the Council) on behalf of the Partnership and is dependent on potential related parties being identified by management at the Partnership and reported to the Council. We would encourage both management at the Partnership and the Council to review existing procedures to ensure these are carried out in the most efficient and effective way. <p data-bbox="513 1335 565 1362">Risk</p> <p data-bbox="513 1367 927 1419">There is a risk that the disclosure within the annual accounts is incomplete.</p> <p data-bbox="513 1455 711 1482">Recommendation</p> <p data-bbox="513 1486 927 1635">We would encourage both management at the Board and the Council to review existing procedures to ensure these are carried out in the most efficient and effective way.</p>	<p data-bbox="992 247 1377 321">In the past members were sent reminders, biannually, of the need to update the register.</p> <p data-bbox="992 338 1377 432">With effect from the current financial year, a record of those members not responding is kept and they are sent follow-up reminder emails, monthly.</p> <p data-bbox="992 449 1409 575">A review was undertaken of the Register of Interests, when preparing the Audited Annual Accounts for 2018/19. No additional disclosures were identified.</p> <p data-bbox="992 592 1409 686">As part of the preparation of the Unaudited Annual Accounts for 2019/20 onwards, a review will be undertaken of the Register of Interests.</p> <p data-bbox="992 703 1344 756">Responsible officer: Partnership Director/Treasurer</p> <p data-bbox="992 772 1393 800">Implementation date: 31 March 2020</p>



Follow up of prior year recommendations

Of the six recommendations raised within our previous annual audit reports and which were outstanding, we note that three have been fully implemented, and one is partially complete and two remain outstanding. Details are given below.

1. User Access Controls

Initial rating	Issue & recommendation	Management comments
Grade 3	<p>Issue</p> <p>Our review of the journals environment identified that all City of Edinburgh Council staff with access to Oracle journal input function in the financial ledger system, have the ability to post to the Board's financial ledger.</p> <p>Risk</p> <p>There is a risk that incorrect or fraudulent postings could be made without detection by the Board's officers.</p> <p>Recommendation</p> <p>While our audit review in respect of the 2017/18 financial year did not identify any indications of user access being manipulated, we recommend that Partnership officers in conjunction with City of Edinburgh Council review user access controls for the financial ledger.</p>	<p>The City of Edinburgh Council is undertaking an investigation into the technical requirements and cost implications of introducing additional user access controls for journal entry input to the financial ledger</p> <p>Responsible officer: Treasurer/Partnership Director</p> <p>Implementation date: Immediate</p>
Current status	Audit update	Management response
Complete	<p>We have reviewed the actions taken to ensure access to post journals has been limited to those with appropriate authority.</p> <p>Recommendation has been closed with new authorisation measures in place.</p>	N/A



2. Authorisation of Invoices

Initial rating	Issue & recommendation	Management comments
Grade 5	<p>Issue</p> <p>The Partnership Director has been absent since December 2017. In the interim, an arrangement was put into place where the Chair of the Board would approve invoices greater than £2,000 before passing to City of Edinburgh Council finance for payment.</p> <p>This arrangement was not reported to the Board or Performance and Audit Committee and does not demonstrate good governance.</p> <p>Risk</p> <p>There is a risk that the Chair cannot provide effective challenge or scrutiny to officers due to involvement in operational decision making.</p> <p>Recommendation</p> <p>The Partnership should ensure that all invoices that were approved by the Chair are reported to the Performance and Audit Committee and Board. Moving forward, the schedule of Certifying Officers and Limits of Authority should be revised to require two officer signatures.</p>	<p>Since its creation as a statutory body, the process to pay Partnership invoices has required that the Partnership Director sign invoices of value greater than £2,000 and during the Partnership Director's holiday period, invoices with a value greater than £2,000 be signed by a nominated officer, in consultation with the Partnership Chair.</p> <p>Once relevant signatures are obtained by the Partnership, invoices are passed to the Finance Team in the City of Edinburgh Council for scrutiny by a Principal Accountant and Accountant, before being passed to the Council's invoice Payment Team. The Invoice Payment Team review invoices to ensure the supplier is an approved supplier, before payment is processed.</p> <p>Scrutiny of all payments is made as part of the quarterly financial performance reporting to the Partnership Board. In addition, any invoice payment subject to European grant funding is subject to review by external auditors who are appointed as part of the EU grant funding process.</p> <p>A report will be presented to the Partnership's Performance and Audit Committee on 7th September 2018, detailing all invoice payments signed by the Partnership Chairperson, during the Partnership Director's absence.</p> <p>A report will be presented to the Partnership Performance and Audit Committee on 7th September 2018 detailing changes to the schedule of Certifying Officers and Limits of Authority, to revise this to require two officer signatures.</p> <p>During any absence of the Partnership Director, any invoice payment requests in excess of £2,000 will be counter-signed by a Principal Accountant of the City of Edinburgh Council; this in addition to signature by two officers of the Partnership.</p> <p>Responsible officer: Treasurer</p> <p>Implementation date: Immediate</p>
Current status	Audit update	Management response
Complete	Audit testing during 2018/19 confirmed that the approval processes outline above have been applied in practice.	N/A



3. Governance Scheme

Initial rating	Issue & recommendation	Management comments
Grade 3	<p>Issue</p> <p>During 2017/18, a number of independent members' terms of appointment came to an end including the Chair of the Performance and Audit Committee.</p> <p>For a single meeting, the Chair of the Board acted as Chair of the Performance and Audit Committee until a permanent Chair could be appointed by the Partnership Board to the Committee.</p> <p>Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2018) states that organisations 'should adopt a model that establishes the committee as independent and effective.' Best practice recommends that the Chair should not be permitted to be a member of the Performance and Audit Committee.</p> <p>Risk</p> <p>There is a risk that the Performance and Audit Committee is not operating independently and could not provide effective scrutiny and challenge to officers.</p> <p>Recommendation</p> <p>The Partnership has reviewed its Governance Scheme following a recommendation from internal audit. We recommend that a further review is conducted specifically considering whether the Chair of the Partnership should be entitled to substitute for any member of the committee.</p> <p>CIPFA have recently published a reviewed Audit Committee guide and we further recommend that the Committee performs a self-assessment against the guide.</p>	<p>Ministerial approval for the appointments of the new Non-Councillor Members was not granted within the expected timeframe, resulting in the Performance and Audit Committee not having full Non-Councillor Member representation, or a Chair, for the June 2018 meeting. There were concerns that the meeting would not be quorate and as the Governance Scheme states that the Chair of the Partnership is entitled to substitute for any member of the Committee, it was considered appropriate, as an emergency measure, for him to Chair a one-off meeting.</p> <p>At the 22 June Partnership Board meeting, appointments to the Performance and Audit Committee were made, including a permanent Chair.</p> <p>In respect of the Chair being able to substitute for any member of the committee, a further review of the Governance Scheme will be carried out and reported to the December Partnership Board.</p> <p>Responsible officer: Head of Programmes</p> <p>Implementation date: First part complete, second part by end December 2018</p>

Current status	Audit update	Management response
Outstanding	<p>The review of the Governance Scheme is due to be reported to the Partnership at the September 2019 meeting.</p>	<p>The Governance Scheme has been reviewed and updated to confirm that the Chair of the Partnership cannot be a member, and cannot be a substitute for any other member, of the Performance & Audit Committee. The necessary report will be presented to the Partnership Board on 27 September 2019.</p> <p>Responsible officer: Partnership Director</p> <p>Implementation date: 27 September 2019</p>



4. Asset Recording and Tagging

Initial rating	Issue & recommendation	Management comments
Grade 4	<p>Observation</p> <p>Assets within the asset register are not allocated a unique reference number and are instead grouped by type. In addition to this the physical assets are not individually labelled. It is therefore not possible to undertake a physical verification of assets from the register to the floor (or vice versa). There has been significant issues verifying the number of assets held and the value per item in year</p> <p>Recommendation</p> <p>To ensure assets are accounted for appropriately and prevent against the possible misappropriation of assets, we recommend that new assets acquired, across all sites are:</p> <ul style="list-style-type: none"> • brought into the fixed asset register with sufficient detail to allow each unit to be individually identifiable including purchase date and value per item; and • appropriately labelled when brought into use to create a direct link between the fixed asset register and the physical assets. 	<p>2016/17 management comments</p> <p>The Partnership Director has instructed that the Projects team oversee the creation of a full and comprehensive asset register for the Partnership.</p> <p>2017/18 management comments</p> <p>SEStran appreciates the acknowledgement that significant work has been done, to date and that the presentation of the information can be improved. Accordingly, work will continue to complete the Fixed Asset Register, ensuring that all necessary information is included and that it is presented in a consistent manner.</p> <p>Responsible officer: Head of Programmes</p> <p>Implementation date: 31 December 2018</p>
Current status	Audit update	Management response
Complete	The updated asset register has been reviewed and has been updated.	N/A



5. Register of Interests

Initial rating	Issue & recommendation	Management comments
Grade 3	<p>Observation</p> <p>From our review of the Registers of Interests of members it was found that a number of the declarations forms had not been updated since 2014. Upon further review we identified an undisclosed related party transaction of £0.086million relating to an undeclared related party for Edinburgh and Lothians Greenspace Trust. The annual accounts have been updated to reflect the appropriate disclosures.</p> <p>Recommendation</p> <p>The Partnership should ensure registers of interest are updated on at least an annual basis</p>	<p>2016/17 management comments</p> <p>All members of the Partnership Board are reminded and have been in Summer 2017 of the provision of regulations which provide for Board Members to give notice of registerable interests as outlined in the Partnership Code of Conduct and all members of the Board at the first meeting of the new session has been reminded of their Code of Conduct responsibilities. Keeping entries in the Register of Interests up to date is ultimately the responsibility of individual Members. The Secretary of the Partnership is the proper officer for these purposes. We should stress that they receive an annual reminder.</p> <p>2017/18 management comments</p> <p>The members concerned have been advised of the omissions and the necessary interests have now been recorded.</p> <p>Code of Conduct training is arranged for 21 September 2018.</p> <p>Responsible officer: Secretary to the Partnership</p> <p>Implementation date: 21 September 2018</p>
Current status	Audit update	Management response
Partially Complete	<p>We noted during our audit that the 2018/19 annual updating of the register of interests by members of the Partnership had not been fully completed.</p>	<p>As referred to above, Board members not responding to requests for information on the biannual approaches will be sent reminders by emails monthly until the necessary updates are received.</p> <p>Responsible officer: Partnership Director</p> <p>Implementation date: On-going</p>



6. Longer Term financial planning

Initial rating	Issue & recommendation	Management comments
Grade 4	<p>Observation</p> <p>The Partnership develops a budget for one financial year which is aligned to the annual business plan and Regional Transport Strategy. There is a risk that funding is used to support short term need rather than long term strategic priorities.</p> <p>Recommendation</p> <p>In order to ensure financial sustainability the Partnership should develop medium to long term financial plans on a 3 to 5 year basis. This would assist the Partnership in highlighting risks to its sustainability and ensure funding is allocated in line with the long term strategic aims of the Regional Transport Strategy.</p>	<p>2016/17 management comments</p> <p>The removal of capital funding in 2009/10 means there is a difficulty for long-term strategic funding of RTS projects. The Director continues to monitor and advocate for investment by stakeholders in strategic priorities and for the return of long-term significant funding to RTPs through the second National Transport Strategy review process. However, given our main funder Transport Scotland has only been able to issue one year funding settlements in recent years, this has limited our ability to take a long-term budgetary approach to investment.</p> <p>2017/18 management comments</p> <p>The Transport (Scotland) Bill, currently out to consultation, includes a proposal to allow RTPs to carry forward reserves. If approved, this may assist with financial planning over a time period longer than one year.</p> <p>However, as Transport Scotland continues to issue one-year funding settlements, there is limited scope to take a long-term approach to financial planning. Within the scope of funding information available, a plan shall be developed, which will seek to align to the Business Plan and Regional Transport Strategy,</p> <p>Responsible officer: Partnership Director/Treasurer</p> <p>Implementation date: 31 March 2019</p>
Current status	Audit update	Management response
Outstanding	<p>Refer to paragraphs 67 of this report. We understand the Partnership intends to review and develop medium term financial plans over the course of 2019/20, following the enactment of the Transport (Scotland) Bill and the publication of three-year funding settlements from the Scottish Government.</p>	<p>The Board continues to prepare its revenue budget in the context of one-year funding settlements from the Scottish Government and constituent councils.</p> <p>A financial plan, which extends beyond one year, will be presented to the Board at its meeting in December 2019, when the Board is due to consider its initial financial plans for 2020/21.</p> <p>Responsible officer: Partnership Director and Treasurer</p> <p>Implementation date: December 2019</p>

Audited Annual Accounts 2018/19

1. Introduction

- 1.1** This report presents the audited accounts for the year ended 31st March 2019. The audited accounts are appended.

2. Main Report

- 2.1** The unaudited Annual Accounts were noted by the Partnership at its meeting on 21st June 2019.

- 2.2** The Partnership's appointed External Auditor – Scott Moncrieff - will present the 2018/19 Annual Audit Report to Members separately on this agenda.

- 2.3** The Auditor's report provides an opinion on whether the Annual Accounts;

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the Partnership as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code;
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014;
- the information given in the Management Commentary is consistent with the financial statements and has been prepared in accordance with statutory guidance issued under the Local Government Scotland Act 2003; and
- the information given in the Annual Governance Statement is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

- 2.4** There are no qualifications to the audit certificate which appears on pages 45 to 47 of the accounts. The Auditor's opinion states that the financial statements present a true and fair view of the financial position of the Partnership as at 31st March 2019 and its income and expenditure for the year then ended.

2.5 One adjustment was made to the unaudited annual accounts in relation to the estimates applied by the Pension Fund's actuaries in calculating the net pension liability. There were no unadjusted differences to the unaudited annual accounts.

2.6 The Partnership Board will consider the audited accounts at its' meeting on 27th September 2019. The Chair of the Performance and Audit Committee will have an opportunity to report to the Board on any issue arising from the Performance and Audit Committee's consideration of the accounts.

3 Recommendations

It is recommended that the Performance and Audit Committee:

3.1 note the audited accounts and the Auditor's opinion in the audit certificate;

3.2 refer the Audited Annual Accounts to the Partnership Board for its approval.

Hugh Dunn

Treasurer

6th September 2019

Appendix Audited Annual Accounts 2018/19
Contact iain.shaw@edinburgh.gov.uk

Policy Implications	There are no policy implications arising as a result of this report.
Financial Implications	There are no financial implications arising following issue of an unqualified Audit certificate.
Equalities Implications	There are no equality implications arising as a result of this report.
Climate Change Implications	There are no climate change implications arising as a result of this report.

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

**Audited
Annual Accounts**

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
Independent Auditors Report	45-47

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 adaptation 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.

Chair of Partnership Board:	GORDON EDGAR	_____	Date signed: 27th September 2019
Partnership Director:	JIM GRIEVE	_____	Date signed: 27th September 2019
Treasurer:	HUGH DUNN, CPFA	_____	Date signed: 27th September 2019

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.

I confirm that these annual accounts were approved for signature by the South East of Scotland Transport Partnership at its Board meeting on 27th September 2019.

Chair of Partnership

Board:

GORDON EDGAR

_____ Date signed: 27th September 2019

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: 27th September 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 (2016).

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.

Chair of Partnership

Board:

GORDON EDGAR

Date signed:

27th September 2019

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.

Chair of Partnership

Board: GORDON EDGAR _____

Date signed: 27th September 2019

Partnership Director:

JIM GRIEVE _____

Date signed: 27th September 2019

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	(147)	(147)	(127)	(274)
Adjustments between accounting basis & funding basis under regulations (Note 7)	147	147	(147)	0
Increase/Decrease in 2018/19	0	0	(274)	(274)
Balance at 31 March 2019 carried forward	0	0	(521)	(521)

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	719	(1)	718
977	(641)	336	Projects	678	(335)	343
1,550	(641)	909	Cost Of Services	1,397	(336)	1,061
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	1,470	(1,323)	147
			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	(137)	(137)
499	(175)	324	Total Other Comprehensive Income and Expenditure	264	(137)	127
2,107	(1,822)	285	Total Comprehensive Income and Expenditure	1,734	(1,460)	274

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	(867)
(662)	Long-term liabilities		(867)
(247)	Net assets/ (liabilities)		(521)
	Financed by:		
0	Usable reserves	17	0
(247)	Unusable reserves	18	(521)
(247)	Total reserves		(521)

The unaudited Annual Accounts were issued on the 21st June 2019.

The audited financial statements were authorised for issue on 27th September 2019.

Treasurer: HUGH DUNN, CPFA

Date signed: 27th September 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	174	718
Projects	389	(46)	343
Net Cost of Services	933	128	1,061
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	147	147
	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 Differences £'000	Total Statutory Adjusts. £'000
2018/19				
Core	116	59	(1)	174
Projects	(46)	0	0	(46)
Net Cost of Services	70	59	(1)	128
Other Income and Expenditure				
Net pension interest cost	0	19	0	19
(Surplus) or deficit on the provision of services	70	78	(1)	147
	Adjusts. For Capital Purposes £'000	Net Change for Pensions Adjusts. £'000	Other Differences £'000	Total Statutory 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

	Core £'000	Projects £'000	Total £'000
2018/19			
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
	Core £'000	Projects £'000	Total £'000
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

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	403	277
Other service expenses	875	1,168
Depreciation, amortisation and impairment	119	105
Interest payments	73	58
Total Expenditure	1,470	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	147	(39)

The South East of Scotland Transport Partnership (SESTRAN)

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 2019/20 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.
- Local Government Pension Scheme - Guaranteed minimum pension (GMP). The interim solution to avoid inequalities between men and women's benefits following the introduction of the Single State Pension in 2016 has resulted in a recalculation of pension liabilities relating to the estimated impact of GMP indexation changes. The estimate for the Partnership is that total liabilities could be 0.17% higher as at 31 March 2019 (approx. £4,000). The increased liability has been reflected in the pension liability as a past service cost (refer to Note 24 Defined Benefit Pension Schemes). This is an estimate which will be revised at the upcoming valuation.
- Local Government Pension Scheme (LGPS) - McCloud judgement. Legislation requires the LGPS to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. The cost management process has been paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) were age discriminatory. These cases could have knock on implications for the LGPS (potentially increasing the liabilities). The Partnership's actuary has included an estimate within the pension liability as a past service cost (refer to Note 24 Defined Benefit Pension Schemes) which will be subject to future revision as the outcome of the the judgement becomes clearer in line with the

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%	377
0.5% increase in the Salary Increase Rate	3%	106
0.5% increase in the Pension Increase Rate	8%	261

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	134			(134)	(134)
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	147	(70)	1	(78)	(147)

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	(867)	(662)
18.3 Accumulated Absence Account	(6)	(7)
	(521)	(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	(127)	(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.	(134)	(84)
Employer's pension contributions and direct payments to pensioners payable in the year.	56	53
Balance at 31st March	<u>(867)</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)
	<u>(150)</u>	<u>(174)</u>
• Revenue Income - Interest on Revenue Balances		
City of Edinburgh Council	(1)	(1)
	<u>(1)</u>	<u>(1)</u>
• 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)
	<u>(69)</u>	<u>(60)</u>

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>30</u>		<u>0</u>	
		115		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		134		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	(137)		(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>127</u>		<u>324</u>
Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement		<u>261</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>78</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	2,212	2,016
Present value of funded liabilities	(3,079)	(2,678)
Present value of unfunded liabilities	0	0
	<hr/>	<hr/>
Net liability arising from defined benefit obligation	(867)	(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	137	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	2,212	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	(30)	0
Benefits paid	68	67
Unfunded benefits paid	0	0
	<hr/>	<hr/>
Closing balance at 31st March	(3,079)	(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 *	248	11	276	14
Manufacturing *	207	9	300	15
Energy and Utilities *	160	7	126	6
Financial Institutions *	183	8	179	9
Health and Care *	124	6	99	5
Information technology *	75	3	123	6
Other	276	12	127	6
Sub-total Equity Securities	1,273		1,230	
Debt Securities:				
Corporate Bonds (non-investment grade)	0	0	39	2
UK Government *	243	11	195	10
Sub-total Debt Securities	243		235	
Private Equity:				
All *	1		6	
All	22		30	
Sub-total Private Equity	23	1	37	2
Real Estate:				
UK Property	142	6	130	6
Overseas Property	0	0	2	0
Sub-total Real Estate	142		132	
Investment Funds and Unit Trusts:				
Equities *	0	0	19	1
Equities	22	1	0	0
Bonds	67	3	0	0
Infrastructure *	34	2	0	0
Infrastructure	237	11	239	12
Other *	4	0	0	0
Other	0	0	5	0
Sub-total Investment Funds and Unit Trusts	364		263	
Derivatives:				
Foreign Exchange *	0	0	1	0
Other *	1	0	0	0
Sub-total Derivatives	1		1	
Cash and Cash Equivalents				
All *	166	8	119	6
Sub-total Cash and Cash Equivalents	166		119	
Total Fair Value of Employer Assets	2,212		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.

The South East of Scotland Transport Partnership (SESTRAN)

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of The South East of Scotland Transport Partnership for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the body as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is 3 years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

We have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

Responsibilities of the Treasurer and Partnership for the financial statements

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

In preparing the financial statements, the Treasurer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Partnership is responsible for overseeing the financial reporting process.

The South East of Scotland Transport Partnership (SESTRAN)

INDEPENDENT AUDITOR'S REPORT (Contd.)

Auditor's responsibilities for the audit of the financial statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual accounts

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

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

The South East of Scotland Transport Partnership (SESTRAN)

INDEPENDENT AUDITOR'S REPORT (Contd.)

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Karen Jones (for and on behalf of Scott-Moncrieff Audit Services)

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

Date: _____

ANNUAL REPORT 2018/19

1. INTRODUCTION

- 1.1 The purpose of this report is to inform the Committee of the performance of SEStran up to the end of the financial year 2019, by presenting a draft copy of the text proposed, to provide the basis of SEStran’s Annual Report 2018/19.

2. ANNUAL REPORT

- 2.1 The report focuses on the project portfolio and showcases the contributions that SEStran has made to the region over the last year, in line with the objectives of the RTS and the SEStran annual business plan.
- 2.2 The Annual Report will be presented to the Partnership Board and following approval, will be finalised for publication by the end of October. Continuing with previous years’ precedence, the 2018/19 report will only be available in digital format and online with hard copies available on request.

3. RECOMMENDATION

- 3.1 The Committee is asked to comment on the contents of the draft Annual Report 2018/19 and note it will be presented to the Partnership Board for approval before publication by end of October 2019.

Keith Fiskien
Programmes Manager
6th September 2019

Appendix 1 – Draft Annual Report 2018/19

Policy Implications	None
Financial Implications	Design costs can be met from within existing budget.
Equalities Implications	Annual Report details SEStran’s Equality Mainstreaming work.
Climate Change Implications	The Annual report highlights our Climate Change reporting publications and work on reducing the environmental impact of transport in the South East of Scotland.



2018-19 Annual Report

DRAFT

August 2019

Contents

- Foreword
- Introduction
- Partnership Board
- SEStran's Vision
- SEStran: What we do
- European Projects
- Changing Travel Behaviour
- Consultation Responses
- What else have we been doing?
- Events
- More Updates Other Programs and Policies
- Regional Transport Strategy Monitoring
- Appendix: Annual Accounts and Reports
- Contact Information

(Note page numbers to be confirmed pending final publication formatting)

DRAFT

Foreword

The government's review of the National Transport Strategy (NTS) continued throughout 2018/19 and the first draft of the new NTS has now been released for consultation.

The Strategy sets out the policies that Scottish Government and its stakeholders will pursue over the next twenty years to ensure that Scotland's transport system delivers on four priority themes: promoting equality, protecting our climate, helping our economy prosper and improving our health and wellbeing, and to support the vision: To have a sustainable, inclusive and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors.

Our own Regional Transport Strategy (RTS) is closely aligned to the NTS and through our own consultative processes will ensure it continues to provide a fit for purpose strategy for the south-east Scotland region. My role, as the Regional Transport Partnerships' (RTPs) representative on the Strategy Review Board has also continued and I am pleased to have been able to contribute to the review at that level.

As part of the review, a Roles & Responsibilities Working Group, including RTP representation, was established and charged with making recommendations for future transport governance. Their report promoted the merits of some form of regional governance, bringing together land use planning, economic development and transport which the RTPs have consistently maintained is an approach that is most likely to result in a successful sustainable transport strategy. This report is currently being considered by the Scottish Government.

Following successful bids to the government's Low Carbon Travel & Transport (LCTT) and the Scottish Enterprise "Can-do" funds of £300,000 and £150,000, respectively, work was taken forward in delivering more electric bike facilities at Innerleithen, Edinburgh, Musselburgh Eskbank and Dalkeith and in options to expand the scope of the Thistle Assistance Card. The latter is seeking input from the best entrepreneurial and technological expertise to develop journey planning facilities to be added to the Thistle Card App for those with disabilities.

Despite the ever-present mist of Brexit, SEStran achieved both an extension to our Share-North project, looking at the introduction of "Mobi-hubs" to create facilities for ride share using low-emission vehicles, including active travel options and success as a partner in a new project called BLING (Blockchain in Government). In partnership with Edinburgh University, SEStran is exploring the use of this technology for smart contracts in shared-use transport and freight delivery.

SEStran is currently a partner in six European projects that contribute to the work that SEStran undertakes in the region.

Significantly increased further work was carried out in association with Sustrans in developing new cycle schemes at various locations, including the Edinburgh Bioquarter, The Wisp to Sheriffhall, Winchburgh to Kirkliston and Kirkaldy to Buckhaven.

Further active travel schemes at the A701 in Midlothian, an innovative design approach ("LYDAR") at Musselburgh and Tranent and Larbert to Stirling (In partnership with our fellow RTP, Tactran) were also progressed with grant funding from Transport Scotland's Active Travel team.

Of concern to all of us involved in transport in Scotland, particularly those with a responsibility for rural areas, as I am, is the very evident decline in bus patronage, throughout the whole country. In order to at least initiate a process to try to reverse that trend, SEStran held a "Bus Congress" in

February 2019; bringing together politicians, bus operators, academics, Traveline and other stakeholders. Several presentations were given at this very well attended event and I look forward to progress on this topic in future. However, the aforementioned NTS review along with the Transport Bill currently going through parliament and the current Strategic Transport Projects Review (STPR 2) will all have a bearing on how this topic develops in future.

Our refreshed partnership Board is now well established and, at each quarterly Board meeting we have managed to include a presentation on a transport subject which has been the catalyst for a range of enthusiastic and constructive discussion among members which has helped to guide and inform our work programme. I would like to express my thanks to the members of the Board for their valuable contribution over the past year.

We have also seen very encouraging engagement with our stakeholders through our forums; Integrated Mobility, Freight and Equalities & Access to Healthcare.

Our officials re-introduced a "Rail Quarterly" with representation from Transport Scotland, Network Rail and Franchise Operators which is also proving to be a valuable engagement.

Both myself and the Partnership Director continued to represent the RTPs on the East Coast Mainline Association (ECMA) which seeks continued investment in the east coast main railway line and has an eye to the future on High Speed Rail for this side of the country and this body is now making itself heard in both UK and Scottish Government circles.

Very much in everyone's mind now is the re-write of the Regional Transport Strategy, which commenced at the very end of 2018/19. This is a fundamental duty of SEStran and will be a main focus of the organisation for the next couple of years.

We all look forward to the challenges ahead.

Cllr Gordon Edgar Chair

(Insert photo signature and twitter)

Introduction

About Us

SEStran is the statutory Regional Transport Partnership for the South East of Scotland. We are one of seven Regional Transport Partnerships in Scotland established under the Transport (Scotland) Act 2005. SEStran encompasses eight local authorities.

(Insert Map of Scotland with SEStran Region.)

SEStran Team

SEStran has a core staff of 9, and 1 Cycling Scotland embedded officer, as of April 2019:

- Business Support Assistant, Cheryl Fergie
- Business Manager, Angela Chambers
- Business Support Officer, Hannah Markley
- Partnership Director Jim Grieve
- Head of Programmes, Vacant
- Programmes Manager, Keith Fisker
- Strategy Manager, Jim Stewart
- Project Officer, Julie Vinders
- Cycling Scotland Officer, Beth Harley-Jepson
- Active Travel Officer, Peter Jackson

Local Authority Partners

City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian.

Headquarters

SEStran's operational and administrative premises are based in Edinburgh at Victoria Quay.

Partnership Board

The board consists of 20 elected members from the partnership local authorities and nine appointed non-councillor members. The Partnership Board meet quarterly.

Partnership Board – Insert Names and Images as of August 2018

Non-Councillor Members – Insert names.

SEStran's Vision

"A regional transport system that provides all citizens of South East Scotland with a genuine choice of transport which fulfils their needs and provides travel opportunities for work and leisure on a sustainable basis."

Insert Transport Image

Aims

- Allowing all groups in society to share in the region's success through high quality access to services and opportunities including healthcare, education, public services and employment opportunities
- Reducing the number of commuter journeys by single occupancy vehicles within South East Scotland
- Maximising public transport provision and achieving public transport integration and intermodality
- Improving safety for all road and transport users
- Enhancing community life and social inclusion
- Maintaining existing infrastructure to a standard that ensures that it can be fully utilised
- Enhancing movement of freight, especially by rail and other non-road modes

Target

"By 2022, to reduce the percentage of people commuting to Edinburgh by single occupant car from each local authority area in South East Scotland by 10% compared to a 2001 base. For Edinburgh residents working out with the City Council area, to reduce their reliance on the single occupant car for commuting by 10% also over the same period."

What we do

SEStran participates in a diverse range of transport projects and events on a local, national and international scale. All our work is focused on delivering against our core strategic objective areas:

1. Economy – to ensure transport facilitates economic growth, regional prosperity and vitality in a sustainable manner
2. Accessibility – to improve accessibility for those with limited transport choice (including those with mobility difficulties) or no access to a car, particularly those living in rural areas
3. Environment – to ensure that development is achieved in an environmentally sustainable manner
4. Safety and Health – to promote a healthier and more active SEStran area population
5. Corporate – to continually improve performance to achieve greater efficiency and effectiveness in SEStran service delivery.

As with previous years in the 2018/19 Annual Report we have highlighted the relationship between our work and our strategic objectives with an icon, a number in a circle relating to the above and also the key priorities represented by each of the following icons:

Note to Designers: Where there is 'Insert Icon' can we have the number in a circle and can we develop an icon for the following – bus, train, active travel, car sharing, economy (pound sign)? This should be a list here with an explainer for each of the icons. Please discuss with Keith

What we do: European Projects *(new page)*

European Projects

SEStran is pleased to continue to be involved in working closely with European partners on innovative and progressive transport projects, contributing and sharing ideas to help benefit our own regional transport network.

SHARE North: Shared Mobility Solutions for a Liveable and Low-Carbon North Sea Region (an Interreg North Sea Region project) *insert icons*

The SHARE-North project is about promoting shared mobility as a form of sustainable transport and viable alternative to the private car. In 2018/19, SEStran promoted shared mobility through Tripshare SEStran as well as GO e-Bike, the regional e-bike sharing scheme in the South East of Scotland.

In October 2018, SEStran welcomed the SHARE-North partners to Edinburgh for a partner meeting. During the meeting, the project partners submitted an extension application of the project until December 2021. This extension was approved by the EU programme secretariat in December 2018.

The partner visit to Edinburgh coincided with SEStran's second Integrated Mobility Forum. The lead partner from Bremen presented the SHARE-North project and several other partners gave presentations on the importance of promoting shared mobility. The forum was attended by 45 delegates from various organisations, including bus and rail operators, local councillors, Transport Scotland, private companies, NHS and charities.

With the project extended for 2.5 years, SEStran plans to continue to promote shared mobility, focusing in particular on bringing the European concept of 'Mobihubs' (sustainable mobility hubs) to the South East of Scotland. More information can be found on: <https://mobihubs.eu/> and <https://share-north.eu/>.

(Insert image and Share North Brand Logo and EU Interreg Logo)

REGIO MOB (an Interreg Europe project) *insert icons*

The REGIO MOB project aims to promote sustainable travel by influencing relevant policy instruments. In the case of SEStran, the REGIO MOB project will address the re-write of the Regional Transport Strategy, the process for which has now officially started.

In 2018/19, REGIO MOB entered 'phase 2' of the project which involved implementing an Action Plan which was developed in April 2018. The Action Plan focused on monitoring the impact of the GO e-Bike scheme to improve sustainable mobility which built on the REGIO MOB knowledge exchange during phase 1 of the project. SEStran commissioned the Sustrans Research and Monitoring Unit to carry out an Active Travel Survey for the region, evaluating the levels of active mobility based on the P.A.S.T.A (Physical Activity Through Sustainable Transport Approaches) as presented by the Italian Lead Partner. The methodology aims to show how promoting active mobility (walking and cycling) can result in a healthier, more physically active population. The GO e-Bike First Year Report, which came out in April 2019, indicated that 33% of users replaced a daily car journey with a GO e-Bike trip. In addition to the Sustrans Audit report, SEStran is planning to carry out a survey at St Andrews University to research the relationship between active mobility and health following the implementation of the GO e-Bike hub.

The findings from this work will be used to inform the re-write of the Regional Transport Strategy, for which a Main Issues Report will be produced in 2019/20.

(Insert Image/Regio Mob Logo/EU Logo)

SURFLOGH: Sustainable Urban Logistics Hubs (an Interreg North Sea Project) *insert icons*

SURFLOGH aims to improve the role of logistics hubs in the network of urban logistics through connecting long-distance freight transport and last mile distribution in strategically located urban freight centres.

The whole area of last mile deliveries is part of the wider concept of city logistics, which concerns the public and private planning and management of urban logistics. The City Logistics concept has emerged as a comprehensive approach aimed at attempting to mitigate the negative impacts of urban freight transportation without penalizing many economic, social, administrative, cultural, touristic, and other activities.

SEStran are leading on a work package along with Edinburgh Napier University Transport Research Institute (TRI), developing business models for urban freight hubs. These business models will focus on the scalability and applicability of models for different locations and circumstances. The first stage of this research was presented at the 2019 STAR Conference in Glasgow in May 2019.

At the regional Logistics & Freight Forum in November 2018 SEStran, Edinburgh Napier University & ZEDIFY launched an e-cargo bike pilot for Edinburgh, this will trial the impact of city logistics in the centre of Edinburgh.

Work was initiated last year by SEStran and Edinburgh Napier University to host the mid-term conference in Edinburgh in May 2019. An opportunity for project partners to promote their work and engage with delegates from Scotland, the rest of the UK and Europe.

<https://northsearegion.eu/surflogh/about/>

(Insert Surflogh Logo/Image/Interreg Logo)

BLING: Blockchain in Government

SEStran and the Centre for Design Informatics at the University of Edinburgh are collaborating on a project exploring opportunities around Blockchain technology developing practical transport focused applications for the technology with the development of a pilot project in the South East of Scotland.

Blockchain is a key enabling technology that will underpin efforts to deliver innovative services under the Digital Agenda for Scotland and Europe. Blockchain promotes user trust by making it possible to build systems that share information and record transactions in a verifiable, secure and permanent way. Based on a 'distributed ledger', blocks of information are chained together with cryptography to produce a system that stores, manages and verifies information.

The team at Design Informatics supported by SEStran began 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 making location data secure without being invasive.

In March 2019 Design Informatics & SEStran introduced experts to smart contracts through the BLING GeoPact demonstrator. Transport and technology experts visited the University of Edinburgh for a hands-on demonstration of location-based smart contracts.

The demonstration took place at the Bayes Centre and took participants through the process of completing smart contracts for delivering goods, by visiting various specially designated locations.

(Insert Bling Logo/Image/Interreg Logo)

SEStran submitted two further European funded applications this year, **CONNECT** focussed on best practice and sustainability in port environments and **PriMaaS** which is focused on integrating Mobility as a Service (MaaS) solutions into policy development.

(Insert image)

What we do: Changing Travel Behaviour *(note larger headline text on each page in this section)*

Tripshare *(insert icons)*

This year, SEStran has continued to work with local authority partners and Liftshare to encourage sustainable travel through car-sharing in the SEStran region. Particularly where active travel or public transport is not viable, car-sharing offers a sustainable solution for commuters in an attempt to reduce the number of single occupancy cars on the road. During the financial year 2018/19, Tripshare SEStran gained 482 new members, bringing the total membership up to 8,675 at the end of March 2019.

Tripshare SEStran was promoted to the general public, particularly during National Liftshare week from 24th September to 14th October, during which new and existing members had a chance of winning an annual cinema pass.

The Tripshare SEStran platform was presented at the 'Carpool Addict' event in Brussels in February 2019, as part of the SHARE-North project. Tripshare SEStran is recognised in the SHARE-North project as a viable alternative to the private car and key element of shared mobility. The platform contributes to reducing the number of cars on the roads, which remains a high priority for SEStran.

(Insert Tripshare logo and car share image)

Thistle Assistance Programme *insert icons*

In 2018/19 SEStran undertook further work with transport providers, older and disabled people and our Equalities Forum, to better understand the problems and worries faced by many when using public transport with the aim of developing and expanding the Thistle Assistance Programme.

This work was supported by the Thistle Assistance Programme being acknowledged in Transport Scotland 'Going Further: Scotland's Accessible Travel Framework'¹ for being at the forefront of providing 'good assistance' by recognising and supporting the needs of disabled people and ensuring transport staff understand their needs. SEStran continues working in partnership with government, transport providers, disability groups and citizens aims to encourage the roll-out of the Thistle Card throughout Scotland by increasing awareness of the programme and providing training tools for transport providers.

In March 2018 SEStran applied for funding from the Scottish Enterprise Can Do innovation fund to develop the Thistle Assistance Journey Planner – door to door journey information for people that have difficulty using public transport.

The project seeks to identify and understand in detail the barriers faced by commuters with protected characteristics when travelling and journey planning. Five developers were successful in applying for the £150,000 funding available and are working on the first stage of the project which is due to finish in October 2019.

SEStran in December 2018 was successful with a £30,000 bid to Transport Scotland's Accessible Travel Fund. SEStran will be using the funding to develop increased awareness of the Thistle Assistance programme through the development of a standalone website and promotional campaign building on the past work undertaken by SEStran.

The key objectives for the Website and Awareness Campaign are:

- to give easy access to all information about the Thistle Assistance Programme.
- promote the programme benefits
- explain who is eligible
- explain how people can request the card and download the App
- provide information on other ways to get involved in the project

We continue working with key Transport Providers (ScotRail, Lothian Buses/Trams, Stagecoach, First East Buses) Transport Scotland and other stakeholders to explore how the new Thistle Assistance approach can be integrated into their existing processes to improve awareness of the issues faced by customers, how to spot them and then how to engage and help.

(insert image and logo)

Hate Crime Charter *insert icons*

SEStran is involved in a working group with Disability Equality Scotland, Police Scotland and Transport Scotland to develop a Hate Crime Charter for public transport as a key outcome of Transport Scotland's Accessible Travel Framework. The Charter is for transport operators to sign up to, pledging their commitment to tackling hate crime. The aim of the working group is to trial the Charter first on a regional basis, with the aim of rolling it out nationally. Between June and December 2018, three consultation events were held in Fife, Clackmannanshire and West Lothian.

¹ <https://www.transport.gov.scot/publication/going-further-scotland-s-accessible-travel-framework/>

Various representatives from equalities groups, local authorities, and transport operators attended the events. The findings from these three events were put into a draft Charter.

The next steps for the working group will be to implement the Charter in collaboration with operators and is tailored to be best fit for purpose with the ultimate aim to reduce hate crime on public transport.

(Insert Police Scotland/Disability Equality Scotland/Transport Scotland logo)

Real Time Passenger Information (RTPI) *insert icons*

SEStran is partnering with the City of Edinburgh (leading) on the development of a new Content Management System (CMS) for regional RTPI delivery. The procurement process started with the work 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 in 2019/20.

Using Traveline data via a website set up, SEStran has 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, subject to funding constraints, until the new CMS is operational.

The promotion of the digital screens displaying RTPI continued throughout the year with several new sites across the region using the screens.

(Insert RTPI Images)

GO e-Bike *insert icons*

The South East of Scotland Transport Partnership launched GO e-Bike in April 2017 with the aim of increasing usage and awareness of power-assisted cycling across the South East of Scotland and beyond. The launch projects continue in St. Andrew's, Buckhaven, West Lothian, and the 'Try a GO e-Bike Roadshow'. It was great to see people engaging with the project and at time of writing a total of just over 1000 trips have been made over the year.

GO e-Bike aims to promote a healthier more active population, reduce inequalities in our communities and improve our environment. In order to enhance this aim, SEStran successfully bid for £300,000 of Low Carbon Travel and Transport funding from Transport Scotland to create active travel hubs across the region. The hubs will be set up in Granton (Edinburgh), Innerleithen (Scottish Borders), and a series of connected hubs in Dalkeith, Eskbank, and Musselburgh.

The Scottish Government is 'stepping up promotion of the use of electric bicycles, including financial support to ensure many people can benefit from active travel'. SEStran is helping to deliver on this vision as GO e-bike expands and promotes the benefits to communities throughout the region.

(Insert GO e-Bike logo/ERDF/TS Logos)

ReCYCLEd Signs

Re-CYCLEd Signs engages with children from schools in the SEStran region to design and build imaginative, vibrant signs for existing walking & cycle routes and is designed to involve young people, and their families, in cycling & walking as an enjoyable healthy choice, not just a fun activity, but also as a safe option for travelling to school or to clubs.

SEStran has been working with BikePunks, a community project based in the Scottish Borders which promotes the upcycling of bike parts which are donated by the local community. Through youth work, they actively encourage young people to come and learn the skills of bike maintenance, metalworking, creating artworks, and the process of design.

The project promotes awareness of the active travel routes in the SEStran region, creating even more accessible active travel opportunities for citizens and developing unique artwork which will enhance our communities.

The first four signs are located at Falkirk High, Falkirk Grahamston and Eskbank Stations and at Jarnac Court in Dalkeith highlighting the active travel links and encouraging the use of active travel as a means of inter-modal connectivity to rail.

SEStran received £5,000 grant funding from the ScotRail Cycle Fund to help with the project and in 2019/20 will be looking to place more ReCYCLEd Signs at key locations in the region.

(Insert sign image/BikePunks/ScotRail Logos)

DRAFT

What we do: Consultation Responses *(note larger headline text on each page in this section)*

SEStran contributes every year to consultations at a local, regional and national level on a wide-ranging series of transport related topics.

Borders Transport Corridors – Pre-Appraisal Report

In May 2018 SEStran submitted a response to a study that considered the accessibility for Scottish Borders communities and settlements whilst exploring areas where improvements could be made. The appraisal, by the nature of the STAG process, is multi-modal and considers public transport, road, rail and active travel on key transport corridors.

The specific aims of the study were to:

- ✓ Identify cross modal problems and opportunities within the transport provision between the Scottish Borders and key markets (Edinburgh, Newcastle and Carlisle);
- ✓ Highlight where the study has identified the need for further investigation;
- ✓ Recommend transport options which could be subjected to more detailed appraisal.

Transport (Scotland) Bill

In September 2018 SEStran responded to the Transport (Scotland) Bill introduced by the Cabinet Secretary for Finance and Constitution, Derek Mackay MSP, in the Scottish Parliament on 8 June 2018. The Bill addresses a number of Scottish Government commitments from the 2017-18 Programme for Government. The Bill aims to empower Local Authorities and enable them to implement future commitments as set out in the Programme for Government.

Falkirk Local Development Plan 2

In September 2018, SEStran received Falkirk's proposed Local Development Plan 2 (LDP2). The LDP2 sets out a broad vision and strategy for the area for the 20-year period from 2020 to 2040. The Proposed Plan provided a detailed and comprehensive overview of development planning in the Falkirk area. SEStran's comments were supportive in nature, and it is hoped that the suggestions will add to the contents of the LDP2.

Scottish Law Commission – Automated Vehicle Consultation

In February 2019, SEStran contributed to the Scottish Law Commission's consultation on automated vehicles. The consultation was aimed at reviewing the UK's regulatory framework for the safe deployment of automated vehicles.

Proposed December 2019 TransPennine Express timetable

In December 2018 SEStran contributed to the stakeholder consultation document to support Transport for the North and partners in Scotland in understanding the proposed timings of trains and frequency of services planned for December 2019.

George Street and First New Town Design Project – Consultation Response

In January 2019 SEStran submitted a response to the designs proposed by the City of Edinburgh Council. The concept design aims to enhance the environmental and heritage quality of the streets in the First New Town.

Transportation Noise Action Plan (TNAP) 2019-2023

In January 2019 SEStran responded to the above consultation supporting the overall approach to the incorporation of noise management into all transport related activities and the management of noise levels where this is necessary. However, SEStran noted that it would need to be established who is responsible for this work and what the roles are of relevant stakeholders.

RURAL ECONOMY AND CONNECTIVITY COMMITTEE RESTRICTED ROADS (20 MPH SPEED LIMIT) (SCOTLAND) BILL

SEStran In line with its objectives laid out in our Regional Transport Strategy (RTS) responded in January 2019 to the above consultation stating that the available evidence demonstrates that a change to the default speed limit to 20mph on restricted roads will improve safety for road and transport users and as such achieve the aims of the bill.

The aims of the bill align strongly with SEStran's key objectives relating to safety and health for the South East of Scotland including:

- ✓ Improve safety
- ✓ Reduce accidents
- ✓ Increase trips by walk/cycle
- ✓ Improve air quality
- ✓ Reduce transport noise

(Insert 20mph image)

What Else Have We Been Doing? *(new section with large title on each page)*

Active Travel Projects 2018/19 *insert icons*

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. Expanding on a previous application in 2016/17, funding was granted to the Edinburgh BioQuarter partners to progress detailed design on an active travel corridor from Cameron Toll to the BioQuarter.

SEStran secured further funding for feasibility studies from Sustrans Community Links funding. Three studies investigated strategic links in the region: Winchburgh to Kirkliston, connecting West Lothian to Edinburgh Airport; Sheriffhall to the Wisp, enhancing upon work at the BioQuarter, into Midlothian; and Kirkcaldy to Buckhaven, connecting communities in Fife in areas of multiple deprivation.

In 2018 the Regional Transport Partnerships lobbied for further funding and gained the Regional Active Travel Development Fund from Transport Scotland to facilitate projects promoting sustainable cross boundary travel. SEStran proposed three projects, a feasibility study of sustainable transport prioritisation and improvements on the A701 in Midlothian; a feasibility and concept design study for a cycling route between Larbert and Stirling in partnership with Tactran; and developing detailed designs for Musselburgh, Tranent, and North Berwick using 3D video models. These projects were due for completion in summer 2019.

SEStran was successful in a bid to the 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. The aim of the project was to gather data on travel behaviours using smart phones as individuals make journeys and describe the purpose or destinations. The project began in March 2019 and will be completed in summer 2019.

(Insert active travel image)

Regional Transport Strategy 2

It was agreed at the March 2019 SEStran Partnership Board that SEStran would develop a 'main issues' report to inform the development of the next Regional Transport Strategy (RTS) this work will begin from April 2019.

(Insert Partnership working Image)

Electric Vehicle & Mobility Strategy

In addition to the re-write of the Regional Transport Strategy, SEStran has started working towards the development of an Electric Vehicle Strategy for the South East of Scotland. The strategy will be an integral part of the new RTS and will aim to address the barriers to EV uptake and the challenges faced by local authorities when implementing EV infrastructure.

Not only will the EV strategy focus on electric vehicles, but on electric mobility in general, covering e-bikes and e-cargo bikes as well, incorporating the learnings from SEStran's projects including GO e-Bike, REGIO MOB and SURFLOGH.

(Insert EV Image)

TravelKnowHow Scotland *insert icons*

In 18/19 SEStran continued to support TravelKnowHow Scotland. TravelKnowHow is an online resource which offers organisations across Scotland easy access to a wide variety of tools to implement workplace Travel Plans and reduce the negative impact of single occupancy car journeys. Supported by Scotland's seven Regional Transport Partnerships and funded by Transport Scotland. TravelKnowHow Scotland supports and contributes directly to the Scottish Government's Low Carbon Scotland ambition for decarbonising transport.

TravelKnowHow Usage figures in 18/19:

- 55 new registrations during the 18/19 period
- Total registrations 272 (as at end of March 2019)
- Of the 55 new registrations 27% were from the SEStran Region
- Of those registrations: 76.9% were from the public sector & 23.1% were from the private sector

(Insert TravelKnowHow logo)

Working in Partnership with Cycling Scotland

SEStran's Regional Cycle Training and Development Officer (RCTDO) continued to support Bikeability Local Authority Co-ordinators over this year. The results from the last academic year had shown an increase in schools delivering cycle training and more pupils than ever taking part. Strong progress was seen in Clackmannanshire, where a pilot for paid professional delivery was used. They achieved delivery of Level 2 on-road cycle training in 100% of their schools.

In March 2019 a Bikeability volunteer conference was held in Edinburgh for the East of Scotland where coordinators shared best practice and participated in professional development and training to support delivery. Following on from this conference and the annual coordinators meeting held in Glasgow, a new SEStran coordinators meeting has been set-up to improve collaboration and sharing of knowledge and resources at a regional level. This meeting will be held on a quarterly basis. In addition, an online platform was set-up to support coordinators to collaborate at a national level.

A new Bikeability Scotland strategy was developed for a more flexible approach to delivery and to better support volunteers this will be further developed through 2019 and pilot projects will be implemented.

The RCTDO attended networking and conference events promoting the programmes of SEStran and Cycling Scotland.

(Insert Cycling Scotland logo)

Improving Rail Infrastructure *(Section Heading)*

Insert rail image

Local Rail Development Fund

As part of the programme for government Transport Scotland launched the Local Rail Development Fund (LRDF), with £2 million made available to fund projects that will enhance Scotland's rail connectivity. The LRDF aligns with Scottish Government's Rail Enhancement and Capital Investment Strategy.

In June 2018 SEStran & Fife Council supported a successful bid from the Newburgh Train Station Group for the first phase of funding. £82,000 (exc. VAT) was secured to undertake a multi-model

transport appraisal in the Newburgh area with SYSTRA appointed to undertake the work in December 2018. Phase 1 – the Initial Case for Change was due to be completed in April 2019 with a report submitted to Transport Scotland (TS) for review. Further work will be undertaken in 2019 to develop a detailed case for change and outline business case.

Levenmouth Rail Link

SEStran continues to support the Sustainable Transport Study work being undertaken by Transport Scotland on the re-opening of the rail link. The detailed appraisal work that has been carried out suggests that improved transport links, which give Leven a direct rail link to the capital, will lead to an enhanced local economy, bringing better access to employment and education and the potential for new investment. Easier and more sustainable travel options will make it easier for people to reach hospitals, schools and visit other areas of the country as well as giving better access to Levenmouth.

The Sustainable Transport Study is due to be completed in 2019 with a report going to Scottish Government for consideration.

DRAFT

What we do events *(new title on each page of this section)*

Formal Partnership Meetings *insert icons*

The Partnership Board met quarterly over the reporting period and in addition to dealing with standard business, officers have introduced a presentation/discussion item for each meeting. Topics have included active travel, bus travel, rail updates from ScotRail and Transport Scotland and Edinburgh City Centre Transformation.

These have generated valuable discussion from a regional perspective and have gone on to provide input into our forum groups.

SEStran hosts three different forums 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. The forums are a mechanism for consulting with regional stakeholders in addition to those represented by members and advisors around the board table of SEStran. The forums include the Integrated Mobility Forum; which seeks opportunities to improve integrated mobility across the region and provide a consultative role to Transport Scotland in the context of Integrated Mobility, Travel Planning and seeking funding to support future opportunities. The forum also aims to promote public transport and access to transport interchanges, as well as reducing single occupancy car journeys.

The second forum is the Logistics and Freight Forum; which aims to support economic growth and resilience across the South East of Scotland by developing, promoting and implementing sustainable business and distribution solutions. This will be carried out via constructive partnership between local authorities, government agencies, business and representative groups. The forum will provide a unified, regional voice in working with organisations such as Transport Scotland, Network Rail and ports, and aims to have a balanced range of views which represents the interests of those involved.

Finally, the SEStran Equalities Forum and Access to Healthcare Forum is the primary stakeholder and officer group, chaired by the Partnership Director, to deliver our Equality Outcomes and legislative requirement to consult Health Boards and those who represent those with, or share a protected characteristic.

[source and insert image]

Tweedlove Bike Festival *insert icons*

In June 2018, SEStran supported the 'TweedLove Bike Festival', and in particular the Family Ride, which has become a local legend in the area after running for yet another year. GO e-Bike was present in the festival village displaying e-bikes for the public to trial with activities for children and adults alike. Community partners were on hand to demonstrate and promote the benefits and accessibility that e-bikes bring to personal mobility.

The GO e-Bike Family Ride, Tweedlove 2018 *insert icons*

Rolling into Peebles for another year in June, the GO e-Bike Family Ride event returned. SEStran was proud to be back sponsoring Tweedlove for 2018, as inclusive events like the Family Ride make cycling accessible to people of all ages and abilities. The ride encourages families and friends to get together and cycle in a relaxed environment for a car free pedal through Peebles.

The event adopted a new format with a led ride around the town that was open for anyone to come along and have a go at their own pace, finishing at a town park for an open-air cinema showing. As

well as being lots of fun, the event is in line with our vision to enable and support more people to travel actively in their own communities, to promote social inclusion and enhance community life.

The Tweedlove Bike Festival, based in the Scottish Borders, runs from May to September each year. For more information about the festival visit: <http://www.tweedlove.com>

(insert Tweedlove logo and Festival pictures)

Regional Rail Liaison Meeting *insert icons*

In February 2018 SEStran along with Transport Scotland, Network Rail and ScotRail convened the first quarterly South East Scotland Regional Rail liaison meeting. The meeting had an agenda centred on the key rail issues within the SEStran region. The meeting was an opportunity to share information with key stakeholders to better understand problems, identify challenges and opportunities, and improve the delivery of rail services across the South east of Scotland.

East Coast Mainline Authorities (ECMA) *insert icons*

ECMA and its' secretariat are now well established. Both SEStran's Chair and Partnership director are currently representing the Regional Transport Partnerships (Tactran, Nestrans & Hitrans) with an interest in the east coast mainline as ECMA Vice Chair and Officer Group representative, respectively.

A study to illustrate the economic benefits of the line to the entire UK was carried out in 2016. A further piece of work to update that study was initiated in 2018/19. When complete, the findings will be used to inform a range of lobbying initiatives aimed at both the UK and Scottish Governments to try to ensure that the necessary investment on this essential piece of national infrastructure is made.

(Insert ECMA logo and rail image)

More Updates Other Programs and Policies *(new section header)*

Equalities and Diversity

SEStran have been preparing its Mainstreaming and Equalities Outcomes Progress Report for the period 2017-19, which is required to be published by 30 April 2019.

During the reporting period SEStran have engaged with our legal advisers to ensure full compliance with our obligations under the Public Sector Equalities Duties. Some of the actions undertaken during the reporting period are:

Staff Engagement

SEStran has improved how it engages and supports its employees and during 2018 reviewed and updated the annual equalities monitoring form. The form is more detailed and provides a much clearer picture, in terms of protected characteristics. The recruitment equalities monitoring form has also been updated to capture far more information.

In May 2018 staff attended Equate Scotland's Positive Language and Unconscious Bias training. Further training on the Equality Act and 2012 Regulations, specifically tailored to SEStran, setting out its responsibilities was delivered in March 2019. Staff also have access to online equalities and diversity training modules.

Non-Councillor Member Board Appointments

SEStran consulted with Equate Scotland, Changing the Chemistry and Stonewall to develop an all-inclusive application process to attract a wider range of applicants for the Non-Councillor Board Member vacancies. Appointments were made in June 2018 and this has resulted in a gender balance of the Non-Councillor Members.

Disability Confident Scheme

SEStran signed up to the Government's Disability Confident scheme in February 2017 as a commitment to pursuing our equalities outcomes. Since receiving our first "Disability Confident Committed" certificate we have now, in 2018, progressed to the level 2 status of "Disability Confident Employer" by pledging to implement the core actions and activities outlined in the scheme guidance.

Equate Scotland – Careerwise

SEStran worked in partnership with Equate Scotland through its Careerwise scheme, which supports women in STEM. An eight-week student placement was provided during summer 2018.

Cyber Security

In order to comply with the Scottish Government's Public Sector Cyber Security Action Plan, SEStran carried out a robust review of its IT provision. Under the scheme, an independent cyber security consultant was appointed in 2018 and audited the partnership's IT environment. The outcome of this audit was SEStran being awarded Cyber Essentials Plus accreditation.

Regional Transport Strategy (RTS) Monitoring *(new section header)*

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 from then until 2025.

The RTS 2015 represents an update of the RTS 2008, rather than a new strategy. The vision, objectives and policy framework of the strategy remain unchanged and the various chapters have been revised only where necessary, in order to take account of the most recent data and information, as well as the more detailed strategy development that SEStran has undertaken since 2008. The substance of the strategy and suggested interventions remain unchanged.

(Insert Kelpies Image)

DRAFT

Appendix: Annual Accounts and Reports

Annual Accounts

SEStran's Annual Accounts can be accessed online here:

[INSERT LINK TO ACCOUNTS]

Climate Change Report

The Climate Change (Scotland) Act 2009. Part 4 of the act places duties on public bodies to act in the way best calculated to contribute to the delivery of emissions reduction targets, to help deliver any statutory climate change adaptation programme, and in a way that it considers is most sustainable. All 151 public bodies that appear on the 'Major Player' list must submit an annual report to the Sustainable Scotland Network (SSN); detailing their compliance with the climate change duties.

[INSERT LINK]

Public Services Reform Act

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010. The Act imposes duties on Scottish public bodies to publish information as soon as is reasonably practicable after the end of each financial year. This statement is produced annually by the South East of Scotland Transport Partnership (SEStran) to ensure compliance with the requirements of the Act. It can be accessed online here:

[INSERT LINK}

Community Empowerment Act

We are a listed public authority under the Community Empowerment Act and one of our duties under the Act is to consider requests from the community. Participation Requests can help groups from the local community (a community-controlled body) to liaise with us and other listed authorities on improving issues in the area. We welcome requests from groups that can aid SEStran in delivering its strategic functions in the South East of Scotland. To gain more information on how to place a request, please follow the link:

sestran.gov.uk/corporate/participation-requests/

Public Records Act

SEStran is required under the terms of Section 1 of the Public Records (Scotland) Act 2011 to produce a Records Management Plan, setting out proper arrangements for the management of its records and to submit this to the Keeper of the Records for approval. We submitted our RMP in January 2011 and it is available here:

sestran.gov.uk/wp-content/uploads/2017/06/SEStranRecords-Management-Planv2.0.pdf

Contact Information (Back page with cover graphics.)

www.sestran.gov.uk

3D Bridge,

Victoria Quay,

Edinburgh EH6 6QQ

0131 524 5150

enquiries@sestran.gov.uk

@SEStran

DRAFT

Grievance Policy and Procedure

1. INTRODUCTION

- 1.1 The purpose of this report is to present to the Partnership's Performance and Audit Committee the Grievance Policy and Procedure for review.
- 1.2 The policy was identified by SEStran's Secretary and Partnership Director as requiring revision and has now been amended to include specific criteria relating to chief officers of the Partnership and investigation procedures.

2. CHANGES TO POLICY AND PROCEDURE

- 2.1 The following is a summary of the changes made to Grievance Policy and Procedure:

2.1.1 Grievance Policy and Procedure (Appendix 1)

- Addition of reporting procedures for chief officers at first step of raising a grievance.
- Additional step inserted to assess magnitude of grievance (Step 2).
- Separate paragraphs at Step 3 specifying timescales for matters requiring/not requiring investigation.
- Revision to personnel who can preside over the appeal hearing. (Step 4)

3. RECOMMENDATIONS

It is recommended that the Partnership's Performance and Audit Committee:

- 3.1 notes the revised Grievance Policy and Procedure and comments as appropriate;
- 3.2 approves the Grievance Policy and Procedure for implementation.

Gavin King
Secretary
September 2019

Appendix 1 Grievance Policy and Procedure

Policy Implications	As outlined in the report
Financial Implications	None
Equalities Implications	None
Climate Change Implications	None



GRIEVANCE POLICY & PROCEDURE

DOCUMENT VERSION CONTROL

Date	Author	Version	Status	Reason for Change
Oct 2006	SEStran	1.0	FINAL	Policy Adopted
Jun 2009	SEStran	1.1	FINAL	Adapted to comply with the repeal of statutory disciplinary and grievance procedures, April 2009
Oct 2017	SEStran	1.2	FINAL	Adoption of version control
Nov 2018	SEStran	1.3	FINAL	Minor changes to representation
Sept 2019	SEStran	1.4	FINAL	Updated to include procedures relating to chief officers and investigation process.

Introduction

This procedure sets out the stages to be followed and the timeframe involved. The policy and procedure aims to ensure the successful resolution of an employee's grievance.

The key objectives of the policy are:

- To provide employees with a course of action should they have a complaint
- To provide points of contact and timescales
- To ensure all employees to receive the same fair treatment
- To comply with employment legislation and the ACAS Code of Practice on Disciplinary & Grievance Procedures.

Definition

A formal grievance can be concerned with how the employee considers they have been treated by SEStran or managers acting on its behalf. It can also be concerned with a complaint an employee has in accordance with SEStran's Equal Opportunities & Dignity at Work Policy.

Informal Resolution

Employees can raise any issues with their line manager on an informal basis, either orally or in writing. Open communication can often be the quickest and best way of resolving grievances, depending on the issues involved. However, if any employee feels that their grievance has not been resolved to their satisfaction through the informal approach then they can proceed to the formal procedure as detailed below.

Formal Procedure

The following procedure should be followed by an employee submitting a formal grievance:

Step 1 - The Statement of Grievance

The employee should inform their line manager or, for chief officers, the Chair of the Partnership Board of their grievance in writing. This will be acknowledged within 5 working days. If the grievance is in respect of action taken by their line manager then the grievance may be submitted to the Partnership Director or, for chief officers, the Chair of the Performance and Audit Committee who, respectively, who will determine the appropriate officer, or persons (in the form of a sub-committee drawn from members of the Performance and Audit Committee, supported by a nominated officer) to take the matter forward.

Step 2 – Assessment of Magnitude

Depending on the magnitude of the grievance, it may be necessary to carry out an investigation. This will be decided by the appropriate person or persons who will, if required, instruct an officer to appoint an investigator.

Step 23 - The Grievance Hearing

For matters not requiring an investigation. The employee will be written to within 5 working days of receipt of the letter to invite them to a meeting to discuss the grievance, and will be advised of their right to be accompanied. All workers have the right to be accompanied at a grievance hearing by either a fellow worker or a Trade Union Official. The employee must take all reasonable steps to attend this meeting.

After the meeting the chair person will notify the employee in writing within 5 working days of the outcome of this meeting.

In circumstances where an investigation is deemed necessary the employee will, within 5 days, be advised accordingly and also informed of the estimated timescale for the investigation to be concluded. 5 working days after the completion of the investigation, the employee will be advised of a date for a hearing to discuss the outcome. After the meeting the chairperson will notify the employee in writing within 5 working days of the outcome of this meeting.

Step 34 - The Appeal

The employee has the right to request an appeal meeting, within 10 working days of receipt of the outcome of the Grievance Hearing, if they consider the grievance has not been satisfactorily resolved. Where possible, the appeal will be held by a more senior manager than the person who heard the initial grievance or the Chair of the Performance and Audit Committee. Again the employee has the right to be accompanied. They will be notified in writing of the final decision within 5 working days.

Record Keeping

Written records will be kept for future reference. These will be treated as confidential and kept in accordance with the Data Protection Act 1998.

Guidance Notes

Attached are guidelines on the witnesses, timescales and format of hearings. Please see Appendix 1.

Review of Procedures

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

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

APPENDIX 1

GUIDANCE – FOR MANAGERS and EMPLOYEES

Role of Advisers

To ensure a consistency of approach, fairness throughout and to comply with the principles of natural justice it is important that suitable advice and guidance is available as required during the grievance handling process.

With these objectives in mind, a Human Resources Adviser may be in attendance to provide advice to the Chairperson of the Grievance/Appeal Panel on the correct procedures to be adopted and any implications arising from the grievance itself.

Employee Representation

Employees have the right to be represented during a formal grievance hearing by either a fellow worker or a Trade Union Official. Employees must be given the right to have a representative present. If the employee attends the hearing without a representative, it must be confirmed first of all that he/she has been advised of the right to be accompanied. If the employee advises that he/she has not, the Chairperson should ask if he/she wants representation. If the employee advises that he/she does not want to be accompanied, this should be recorded prior to the meeting starting. Should the employee confirm that he/she does want to be accompanied, agreement should be made to adjourn in order that representation can be arranged.

Should the employee attend the meeting having not been able to arrange representation in time, again an adjournment should be made in order that the employee can organise suitable representation. Should the employee be unable to arrange for the representative of their choice to be available, it is reasonable to suggest that arrangements are made for a substitute.

Witnesses

Employees have the right to call witnesses in support of their grievance. Any request must be addressed to the chairperson of the hearing and be made as soon as possible but at least one day before the grievance hearing. Employees called as witnesses will receive full pay and on the production of appropriate receipts, reasonable travelling expenses, if the time off is agreed in advance with their line manager.

All witnesses should be offered the right to be accompanied. Witnesses should be asked not to discuss the matter with any other colleagues. The employee or representative requesting the attendance of the witness should ensure that the witness is made fully aware of their role and the procedures which are being followed.

Timescale

Where it is not possible to handle the grievance within the specified time period, it may be necessary, by mutual consent, to extend the timescales. This should be confirmed in writing by the manager handling the case, stating the reasons for the delay and the agreed extension to the timescale. In the event that there is no prior agreement, or a manager fails to meet the extended timescale, the employee may register a “failure to agree” and opt to proceed to the next stage in the grievance procedure.

Natural Justice & Equity

If, in exceptional circumstances, due to the nature of the grievance, it is decided that the line manager is not the most appropriate person to deal with the matter, discussions should take place with the Partnership Director to determine a suitable alternative. The employee will be notified in writing of this decision not later than 5 working days after the formal submission of the grievance. Thereafter, the grievance will be heard in accordance with Stage 2 of the procedure in the first instance.

In the event that the grievance is considered to be about or to involve the immediate line manager then the grievance should be addressed to the Partnership Director. If however the grievance relates to the Partnership Director, the matter should be referred to the SEStran Human Resources Adviser who will advise as to how the matter should be progressed.

No manager who has been party to an earlier decision will take part in any further stages in the grievance/appeal procedure.

Arranging a Grievance Hearing/Appeal

Following formal confirmation being received that an employee wishes to pursue a grievance/appeal it is essential that the hearing runs smoothly and to do so requires a number of considerations:

- It must be established that there is a genuine basis for the employee’s grievance/appeal and a mutual understanding of the reasons why it has arisen.
- It falls within the terms of the Grievance Policy and Procedure.
- It is being heard at the correct management level.
- Witness statements, as appropriate, have been received.
- Once it has been confirmed that there are grounds for a grievance/appeal the employee must be formally advised at each stage:
 - The date, time and location of the hearing.
 - The name, designation of the Chairperson.
 - Where appropriate, who will be presenting the management case
 - Who will be present as an adviser(s) to the chairperson.

It is also important to clearly establish:

- Who will represent the employee
- If there are any witnesses to be called and if so who they are and what their locus is.

The Chairperson is responsible for writing to the employee. All parties should be made aware that they are personally responsible for contacting any witnesses they may wish to call during the hearing.

In advance of the date of the hearing, the Chairperson should make sure that a room is available which is large enough to accommodate everyone in comfort and without interruption. Separate rooms should be available for each party to use prior to the hearing and during any possible adjournments.

Format of the Hearing

It is important that the hearing should be conducted in as relaxed a manner as possible as it can be a stressful experience for all participants.

The Chairperson will open the hearing, introduce the parties and be as welcoming and friendly as possible.

The Chairperson will explain the format of the proceedings and advise that it is only points raised in connection with the grievance/appeal that will be relevant and any other issues will be excluded.

1. Presenting the case

The Chairperson asks the employee or his/her representative, to present his/her case outlining specifically the reasons giving rise to the grievance/appeal.

At this point the opportunity is given to call witnesses to support the employee's evidence.

Thereafter, the Chairperson invites questions from the management representative, following on from which he/she may seek any point(s) of clarification.

Once satisfied that there are no further matters to be raised the Chairperson invites the management representative to put forward his/her case.

At this point the opportunity is given to call witnesses to support management's case.

The employee or his/her representative will have the right to question the management representative, after which again, the Chairperson can seek any point(s) of clarification.

The Hearing can be adjourned, where necessary, to clarify any point of detail of the grievance. If this happens, the Chairperson must state the period of adjournment.

Following completion of the submissions the Chairperson will invite the management representative in the first instance, to summarise his/her case. Followed thereafter by the employee or his/her representative.

2. Conclusion

The Chairperson then summarises the hearing and the main points of both presentations. The employee should be asked if he/she has been given a fair and reasonable opportunity to present their case. If the response is 'no' then the Chairperson must ask for a further explanation and take the stated concern into account when giving the decision. If the procedures have been followed this is highly unlikely to happen.

The hearing is then adjourned to allow the Chairperson to come to the decision. Even if during the course of the hearing the Chairperson has an idea of what the decision may be, it is advisable that the adjournment is used to allow the opportunity to consider the facts and seek advice from any Advisers present. It should be remembered that if a decision cannot be made during an adjournment, it can be put in writing within the agreed timescales.

3. Making the decision

All the facts of the case should be reviewed as they have been presented and consideration given to precedent with regard to the issues being considered as well as potential legal and human resources implications, with advice in this regard being sought as appropriate.

4. Reconvening the hearing

If the decision is being made immediately, the employee should be clearly advised of the decision and the reasons why it has been reached. This should be confirmed in writing within 5 working days. If more time is required a decision should be confirmed in writing within 5 working days once it has been reached. In the case of a Stage 2 meeting the employee must be made aware of their right to appeal against the decision and this must be done within 10 working days of receiving the written confirmation of the decision. There is no right of further appeal against the decision made at an appeal hearing.

5. Review

This document will be reviewed annually by SEStran.

Projects Report & 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 The RAG status (red-amber-green) is used throughout the projects update 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 with a new deadline of 31 October 2019.

4. RECOMMENDATIONS

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

Keith Fisken
Programmes Manager
6th September 2019

Appendix 1: Projects update

Policy Implications	
Financial Implications	
Equalities Implications	
Climate Change Implications	

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, 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:

- **Forth Bike hub**

In June 2019, the Forth e-bike hub was launched at Helix Park, Falkirk Wheel and Forth Valley Royal Hospital in collaboration with Forth Environment Link, NHS Forth Valley, Transport Scotland, Clackmannanshire, Stirling and Falkirk Councils. At the time of writing, some 1188 cycle trips had been made since the launch of the scheme. More information about the scheme can be found on: <https://www.forthbike.co.uk/>.

Complete
- **GO e-Bike expansion with LCTT funding**

 - The hubs at Socialbite Village and TYA Bike Punks are seeing great usage of the e-bikes.
 - Socialbite village residents have been getting support in the use and charging of the bikes from West Lothian Bike Library.
 - A promotional campaign developed for GO e-Bike launched at the TRANSCEND festival in June. Do the Ride Thing encourages responsible use of bicycles in all settings and promotes the benefits that e-bikes can bring.
 - The launch coincided with the GO e-Bike Family ride where some 500 riders cycled from Peebles to Innerleithen on the Tweed Valley Railway path.
 - A contract is now in place with Bewegen Technologies Inc. to deliver the shared e-bike system in East Lothian and Midlothian. Work is now beginning on preparing bikes and the planning for installation later in the year.

In progress

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:

- **Edinburgh BioQuarter**

 - Design work is being progressed after input from Sustrans and City of Edinburgh officers.
 - Public consultation is planned for late 2019.
 - The project has been allocated £95,500, as a continuance of 2018-19 funding.

Delayed
- **SEStran Strategic Cycle Network Review**

 - SEStran are preparing a brief for the review of the Cross Boundary Cycle Development study 2015.

In progress

- Preparatory work is underway to define the scope of the new study and engage with partners and other important stakeholders.

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. For the financial year 2019/20 SEStran has received £250,000 for a series of new projects that are getting underway.

Latest developments:

- **Project 1: Larbert to Stirling** Complete
 - 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** Complete
 - 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** Complete
 - 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.
- **New Project 1: Kirkcaldy to Buckhaven** In progress
 - SEStran conducted a tender competition in July and have appointed AECOM Ltd to progress preliminary work to consultation and further design.
 - The total contract award is £79,991.70.

1.4 Cycle Training & Development – Cycling Scotland



Support and develop the delivery of Bikeability Scotland National Standard cycle training by local authority Bikeability coordinators. Promote, encourage and develop cycle training opportunities across SEStran projects.

Latest developments:

- **Bikeability Scotland** In progress
 - Action plans are being prepared for Falkirk and Scottish Borders to better support the delivery of Bikeability.
A regional Bikeability coordinator meeting is being organised to enable better collaboration between the eight Local Authority Bikeability coordinators and support the sharing of knowledge and resources. The first meeting is planned for September subject to availability.

- **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.
- Tweeddale Youth Action Bike Punks project will be running a Cycle Ride Leader & Led Ride Assistant course.
- Shadowing opportunities are being set-up for TYA at other cycling hubs, including West Lothian Bike Library and Recyke-a-Bike (Stirling).
- Social Bite Village in Granton are receiving bike maintenance training through West Lothian Bike Library in August. They are also being supported to trial e-cargo bikes through Sustrans and will receive Essential Cycling Skills and cargo bike training.
- Employers have received Essential Cycle Skills training from West Lothian Bike Library following the e-bike trial.
- Collaboration being explored with Easyriders cycle training project in Scottish Borders. E-bikes from the Scottish Borders hub would be offered to increase accessibility to the training.

- **Adult Cycle Training**

In progress

- Potential for a female beginner's cycle training course currently being explored with Cycling Scotland tutors. Pilot would be in Edinburgh.

1.5 Sustainable and Active Travel Grant Scheme



SEStran supports additional projects through grant funding that will help deliver against the Partnerships sustainable transport objectives.

Latest developments:

- **Queen Margaret University**

In progress

- Queen Margaret University was awarded £7,150 in order to update their Travel Plan

- **ReCYCLEd Signs**

In progress

- The first 4 signs have been finished with two being delivered to Falkirk for instillation at Falkirk High & Grahamston rail stations and a further 2 for Midlothian Council for Dalkeith and Bonnyrigg.
- SEStran provided a further £5,000 grant funding to Tweeddale Youth Association to produce 3 more signs in 2019/20.
- If local authority partners are interested in obtaining a sign for a location with an existing active travel map, please contact SEStran (Keith Fiskien) to discuss.

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.

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 reaching out to transport operators for a pre-pilot survey seeking feedback on the draft Hate Crime Charter and developing a monitoring mechanism. Based on the learnings from this engagement, the working group hopes to roll out the Charter nationally.

2.3 Thistle Assistance Programme



The South East of Scotland Transport Partnership has developed the Thistle Assistance Card and App to make using public transport easier for older people and those with disabilities, illness or mobility issues. SEStran is currently undertaking work to improve and evolve the program.

Latest developments:

- **Journey Planner - Phase One Proof of concept development** In progress

- 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.
 - Work on the phase 1 concepts for the App continue with the developers.
 - Due to complete this phase in October 2019 with a presentation to the project team.
 - Phase 1 concepts will be evaluated to determine if any have the potential to move to a Phase 2 public pilot.
 - SEStran will be working with Scottish Enterprise to explore potential funding for Phase 2.
- **Development of Thistle Assistance Website** In progress
 - SEStran has been working with the Hillside Agency on the development of the new Thistle Assistance branding, website and campaign.
 - Design concepts have been presented to Transport Scotland, Disability Groups and RTPs (see appendix 1).
 - Work is due to be completed in September 2019 with the website, new branding and campaign available to all partners to use to promote.
 - **Development of SEStran Website – Accessibility Regulations 2018** In progress
 - In order to comply with legislation [Public Sector Bodies \(Websites and Mobile Applications\)\(No. 2\) Accessibility Regulations 2018](#) SEStran will be developing the Partnership website to improve accessibility across the site for all users and at the same time improve the functionality of the site.
 - The legislation states that public sector websites and mobile apps should be made accessible;
 - Any new sites from September 2018 should be accessible after September 2019. Existing sites should be made accessible from September 2020. Mobile applications after June 2021;
 - Accessible means Complies with all Level A and AA Success Criteria of the Web Content Accessibility Guidelines (WCAG) version 2.1;
 - £2,000 allocated from the Transport Scotland Fund will be used to undertake the work as part of the Thistle Assistance program development.
 - **Marketing Communications Internship** In progress
 - SEStran will be working in partnership with Inclusion Scotland to provide an Internship to work on the Thistle Assistance program.
 - This opportunity for someone with a disability to gain experience and skills is part of the ‘We can Work Internship’ project from the Inclusion Scotland [Employability Program](#) and will be jointly funded by Inclusion Scotland and SEStran.
 - The position will focus on marketing and communications and be based in Victoria Quay with a projected start date end October 2019.

2.4 Local Rail Development Fund (LRDF)



The £2 million Scottish Government [Local Rail Development Fund](#), was announced in February 2018, with the aim of providing funding to develop community led options to improve local rail connections.

Latest developments:

• **Newburgh Train Station**

In Progress

- SEStran & Fife Council supported a successful bid from the Newburgh Train Station Group for the first phase of funding.
- £82,000 (exc. VAT) was secured to undertake a multi-modal transport appraisal in the Newburgh area with SYSTRA appointed to undertake the work in December 2018.
- Phase 1 – the Initial Case for Change was completed in April 2019 with a report submitted to Transport Scotland (TS).
- Feedback has been received from TS and the project team is currently reviewing the comments and will undertake further work over the coming months to progress the case for change.
- £8,000 has been claimed from the budget for the work to date.

• **Forth Ports Leith**

In Progress

- SEStran in partnership with Forth Ports made an application in June 2019 to the second round of LRDF funding.
- The proposal is for a multi-modal freight study in and around the Port of Leith to explore key issues and opportunities whilst maximising the potential for existing infrastructure (rail heads etc.).
- Transport Scotland have approved SEStran's submission and awarded a grant of £150,000 to conduct the study up to 31st March 2021. <https://www.transport.gov.scot/public-transport/rail/rail-policy-and-strategy/local-rail-development-fund/>

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.
 - In May and June 2019, SEStran conducted a GO e-Bike health survey and hosted a focus group with staff at St Andrews University to measure the impact GO e-Bike has had on people’s levels of physical activity and perceptions of well-being. The findings from the survey and focus group will be summarised in a report and used in the development of a new Regional Transport Strategy.
- **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:

- **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.
 - The first stage of the research (literature review) and business model framework has been completed by SEStran and Edinburgh Napier University and has been presented to the project team and EU Joint Secretariat for review.
 - A further paper is being developed for publication and presentation.
- **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 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 Design Informatics team at the University of Edinburgh team 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.
- SEStran and the University of Edinburgh presented the Edinburgh pilot to at a Blockchain Conference in Gothenburg in June 2018.
- Further work will continue to move the pilot from ‘the lab’ into the real world over the next 6 months.

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:

- **Preparation for Kick-off meeting in September**

In progress

- Following some clarifications to the project application, the European Joint Secretariat has now fully approved the PriMaaS project.
- SEStran officers will attend the kick-off meeting where the partners will meet and discuss the priorities and identify best practices and applications of MaaS for the upcoming 4 years.

3.6 CONNECT



CONNECTing North Sea Region’s TEN-T nodes – Support intermodality growth in the North Sea Region through smart efficiency enhancements. The overall objective is to support smart intermodality growth in the NSR through efficiency enhancements. The project focuses on: implementation of new smart

processes and working tools (smart intermodality) and developing of strategies for smart efficiency enhancements (smart involvement). <https://northsearegion.eu/north-sea-connect>

Latest developments:

- **Application Approved by the Joint Secretariat**

In progress

- SEStran has been part of a further successful application for EU funding for the CONNECT project from the Interreg North Sea grouping.
- 10 partners from across the region will be working on developing and promoting best practise in sustainable port operational development.
- SEStran will be running a work package on communication and marketing.
- The first partnership meeting will be in November 2019 and the project will run for 3 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**

Complete

- A final report was produced by Trivector at the end of July.
- While participation was low the survey captured a large number of journeys and trip destinations.
- SEStran is exploring how to make further use of the app with support from partners.

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

- A paper was presented and agreed by 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.
- 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.

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 next meeting will be held on 13 November 2019.

- **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.

Appendix 1: Thistle Assistance Design

