



**TAYSIDE AND CENTRAL SCOTLAND
TRANSPORT PARTNERSHIP**

**STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

UNAUDITED

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

STATEMENT OF ACCOUNTS 2011/12

CONTENTS

THE ACCOUNTING STATEMENTS:

	Page
EXPLANATORY FORWARD BY TREASURER	2
MOVEMENT IN RESERVES STATEMENT	5
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	6
BALANCE SHEET	7
CASHFLOW STATEMENT	8
STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL	9
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	10
MEMBERS AND OFFICIALS	11
REMUNERATION REPORT	13
REPORT BY PARTNERSHIP DIRECTOR	15
NOTES TO THE CORE FINANCIAL STATEMENTS	17

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

EXPLANATORY FOREWORD BY TREASURER

1 INTRODUCTION

This foreword is presented as a commentary on the overall financial position of *tactran* as shown within the Statement of Accounts for the year ended 31 March 2012 and contains explanations of the major influences on the Partnership's income, expenditure and cash flow.

2 ACCOUNTING POLICIES

The Statement of Accounting Policies sets out the basis upon which the Financial Statements have been prepared and explains the accounting treatment of both general and specific items.

3 THE FINANCIAL STATEMENTS

Movement in Reserves Statement

This statement shows the movement in the year on different reserves held by the Partnership. This is analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure) and 'Unusable Reserves'. The Partnership does not have statutory powers to operate a Usable Reserve.

The Comprehensive Income and Expenditure Statement

This statement shows the accounting costs in the year of providing services in accordance with generally accepted accounting practices.

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 Reserves held by the Partnership.

Cash Flow Statement

This 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.

Notes to the Core Financial Statements

These Notes are intended to give the reader further information which is not separately detailed in the core financial statements.

4 REMUNERATION REPORT

The Local Authority Accounts (Scotland) Amendment Regulations 2011 require Regional Transport Partnerships to include a Remuneration Report in the Financial Statements. The Remuneration Report discloses information for each senior employee.

5 STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement sets out the framework within which financial control is managed and reviewed. The main components of the system are listed, together with any significant weaknesses that have been identified and the remedial action taken.

6 STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

This statement sets out the main financial responsibilities of the Partnership and the Treasurer.

7 REVENUE EXPENDITURE

At its meeting on 14 December 2010, the Tayside and Central Scotland Transport Partnership Board approved the 2011/12 Core Revenue Budget of £417,000 of which £270,000 was met by Grant in Aid funding from the Scottish Government. In addition, £47,000 of budgeted income from the Councils was brought forward from 2010/11 to fund the core running costs and a further £100,000 was requisitioned from the four constituent Councils, using a Scottish Government allocation methodology based on 95% population and 5% area, as follows:

		£
Angus Council	22.9%	22,900
Dundee City Council	28.4%	28,400
Perth and Kinross Council	30.3%	30,300
Stirling Council	18.4%	18,400
Total Council Requisitions	<u>100.0%</u>	<u>100,000</u>

The Scottish Government also provided additional Grant in Aid revenue funding for the financial year 2011/12 for the Regional Transport Strategy of £252,750.

A further £28,000 of Scottish Government Air Quality Grant was secured by Perth and Kinross Council and allocated to supporting related Air Quality Management Action Plan measures through the Freight Quality Partnership. First Scotrail provided a contribution of £1,000 towards the Broughty Ferry timetable leaflets within the Tay Estuary Rail Service.

This resulted in a gross revenue budget for 2011/12 of £698,750.

During 2011/12, the Partnership Board received revenue and capital monitoring reports in order to keep the members fully apprised as to the projected outturn position.

For 2011/12, the main factors underlying each of the variances are as follows:

Requisitions from Councils

As a result of reduced level of expenditure, the Partnership did not require the full requisitions due from the four constituent authorities. At the Partnership meeting of 13 March 2012 it was agreed that this amount would be used by the Partners to support the 2012/13 RTS Revenue Budget.

The overall surplus on the Comprehensive Income and Expenditure Statement was £11,000 which reflects, in accordance with International Accounting Standard 19 (Retirement Benefits) ("IAS 19"), the entries required in respect of pension costs and accumulated absences.

8 GENERAL FUND

The Partnership has, under the Transport Act 2005, no powers to hold a balance on the General Fund. Any underspends are therefore treated as creditors repayable to the funder or amounts received in advance from the funding source.

9 CAPITAL EXPENDITURE

During 2011/12, the Partnership did not incur any direct capital expenditure. A Regional Transport Strategy Capital Programme totalling £3.91 million, utilising Capital Grant within the Dundee City Council and Perth and Kinross Council Capital Programmes was progressed during 2011/12.

10 PENSION LIABILITY

Under International Accounting Standard (IAS) 19-Employee Benefits, the Partnership is required to include in the Statement of Accounts amounts relating to the assets, liabilities, income and expenditure of the pension schemes for its employees. Based on information provided by Local Government Pension Scheme Actuaries, it has been estimated that the Partnership had a net pension liability of £603,000 as at 31 March 2012. The estimated net pension liability at 31 March 2011 was £490,000.

The pension liability represents the best estimate of the current value of the pension benefits that will have to be funded by the Partnership through its constituent Councils. The liability relates to benefits earned in the Local Government Pension Scheme by existing or previous employees up to 31 March 2012.

These benefits are expressed in current value terms rather than the cash amount that will actually be paid out. This allows for the 'time value of money', whereby the value of cash received now is regarded as higher than cash received in, for example, ten years time, since the money received now could be invested and would earn interest or returns during the ten years. In order to adjust the pension liability cash flows for the time value of money a discount factor based on a corporate bond rate is used.

11 BALANCE SHEET NET LIABILITIES

The Balance Sheet at 31 March 2012 shows net liabilities of £606,000. This net liability position reflects the inclusion of net pension liabilities of £603,000 falling due in future years and arising from the application of IAS 19 and £3,000 for the application of the short term employee benefits accrual. It is appropriate to adopt a going concern basis for the preparation of the financial statements as the constituent authorities have a legal obligation under the Transport (Scotland) Act 2005 to provide the Partnership with funding to meet all liabilities as they fall due.

12 MAJOR CHANGES IN ACCOUNTING PRACTICE

The Partnerships Accounts have previously been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP). However, in the 2007 Budget the Government made a commitment that the UK Public Sector would move towards and adopt International Financial Reporting Standards (IFRS) by 2010/11.

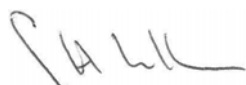
Therefore the Partnerships accounts for 2011/12 have been prepared using IFRS.

13 PRIOR PERIOD ADJUSTMENTS

There were no Prior period adjustments to the 2011/12 accounts.

14 ACKNOWLEDGEMENTS

During the 2011/12 financial year the Partnership's financial position has undertaken regular scrutiny and strict budgetary control. I would wish to place on record my appreciation of the excellent work carried out by the Partnership's officers, supported by the officers of Perth and Kinross Council in the financial management of the Partnership and in the preparation of the 2011/12 Statement of Accounts.



Scott Walker CPFA
Treasurer
tactran
22 June 2012

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MOVEMENT IN RESERVES STATEMENT

For the year ended 31 March 2012

	General Fund Balance £,000	Total Usable Reserves £,000	Accumulated Absences Unusable Reserves £,000	Pensions Reserve Unusable Reserves £,000	Total <i>tactran</i> Reserves £,000
Balance at 31 March 2010	0	0	(5)	(848)	(853)
<hr/>					
<u>Movement in reserves during 2010/11</u>					
Surplus or (deficit) on provision of services	92	92	0	0	92
Other Comprehensive Expenditure and Income	0	0	0	262	262
Total Comprehensive Expenditure and Income	92	92	0	262	354
Adjustments between accounting basis & funding basis under regulations (note 3)	(92)	(92)	(4)	96	0
Increase/Decrease in 2010/11	0	0	(4)	358	354
Balance at 31 March 2011 carried forward	0	0	(9)	(490)	(499)
<u>Movement in reserves during 2011/12</u>					
Surplus or (deficit) on provision of services	11	11	0	0	11
Other Comprehensive Expenditure and Income	0	0	0	(118)	(118)
Total Comprehensive Expenditure and Income	11	11	0	(118)	(107)
Adjustments between accounting basis & funding basis under regulations (note 3)	(11)	(11)	6	5	0
Increase/Decrease in 2011/12	0	0	6	(113)	(107)
Balance at 31 March 2012 carried forward	0	0	(3)	(603)	(606)

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the year ended 31 March 2012

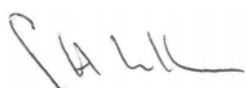
2010/11			2011/12				
Gross Exp £000	Gross Income £000	Net (Income) /Exp £000	Note	Gross Exp £000	Gross Income £000	Net (Income) /Exp £000	Budgeted Net (Income) /Exp £000
SERVICES							
837	(669)	168		650	(552)	98	119
37	0	37		36	0	36	36
(143)	0	(143)	9	0	0	0	0
COST OF SERVICES							
731	(669)	62		686	(552)	134	155
25	0	25	9	(9)	0	(9)	(9)
0	(179)	(179)		0	(136)	(136)	(146)
25	(179)	(154)		(9)	(136)	(145)	(155)
(SURPLUS)/DEFICIT ON PROVISION OF SERVICES							
		(92)		677	(688)	(11)	0
		(262)				118	0
		(354)				107	0
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE							

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

BALANCE SHEET

Year ending 31 March 2012

As at 31 March 2011 £000 £000		Notes	As at 31 March 2012 £000 £000
87	Short Term Debtors	13	44
<u>141</u>	Cash and Cash Equivalents	16	<u>13</u>
	228 Current Assets		57
<u>(237)</u>	Short Term Creditors	14	<u>(60)</u>
	(237) Current Liabilities		(60)
(490)	Other Long Term Liabilities	9	(603)
<u>(499)</u>	Net Liabilities		<u>(606)</u>
	Financed by Fund Balances and Unusable Reserves:		
(490)	Pensions Reserve	4	(603)
(9)	Accumulated Absence	4	(3)
<u>(499)</u>			<u>(606)</u>



Scott Walker CPFA
Treasurer
tactran
22 June 2012

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

CASH FLOW STATEMENT

Year ending 31 March 2012

<i>2010/11</i> <i>£000</i>	Notes	2011/12 £000
(92) Net (surplus) or deficit on provision of service		(11)
28 Adjustments to net surplus of deficit on the provision of services for non cash movements		(123)
(4) Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Accumulated Absence Movement)	3	6
(68) Net Cash Flows from Operating Activities		(128)
0 Investing Activities		0
0 Financing Activities		0
(68) Net Increase/(decrease) in cash and cash equivalents		(128)
209 Cash and cash equivalents at the beginning of the reporting period		141
141 Cash and cash equivalents at the end of the reporting period		13

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is made in respect of the 2011/12 Statement of Accounts for the Tayside and Central Scotland Transport Partnership. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information and budget monitoring, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by senior officials and staff of the Partnership. In particular, the system includes:

- a revenue budget system;
- the preparation of regular financial reports which indicate actual expenditure against forecasts and budget;
- monthly internal monitoring reporting by Partnership staff and accountants
- annual financial reports which indicate actual financial performance against budget;
- clearly defined financial regulations, powers of delegation and scheme of administration; and
- setting targets to measure financial and other performance

Our review of the effectiveness of the system of internal financial control is informed by:

- the work of senior officials and staff of the Partnership;
- budget monitoring meetings;
- assurances received from the Partnership Board; and
- the external auditors in their annual audit letter and any other reports

In conclusion, we are not aware of any significant weaknesses or failures in the Partnership's system of internal financial control that could have a material effect on the operations of the Partnership.



Scott Walker
Treasurer
tactran
22 June 2012



Eric Guthrie
Partnership Director
tactran
22 June 2012

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Partnership's responsibilities

The Partnership is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that a designated officer has the responsibility for the administration of those affairs. For *tactran* that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's responsibilities

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


In preparing this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Treasurer has also:

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

The Statement of Accounts present a true and fair view of the financial position of the Partnership at the accounting date and its income and expenditure for the year ended 31 March 2012.



Scott Walker CPFA
Treasurer
tactran
22 June 2012

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MEMBERS AND OFFICIALS 2011/12

Tayside and Central Scotland Transport Partnership (*tactran*) is a statutory body established under the Transport (Scotland) Act 2005. The region covers approximately 12% of mainland Scotland and nearly 10% of the Scottish population is resident in the area.

Tactran works with its partner authorities – Angus Council, Dundee City Council, Perth & Kinross Council and Stirling Council – Community Planning Partnerships, Development Planning Authorities, Scottish Government, Transport Scotland, transport providers and other key stakeholders to improve and develop Scotland's transport infrastructure and services, in support of promoting sustainable economic growth, social inclusion and environmental sustainability.

MEMBERSHIP

Partnership membership is prescribed by legislation in the Regional Transport Partnerships (Establishment, Membership and Constitution) (Scotland) Order 2005. The Partnership Board consists of 10 Councillors who are nominated by constituent Councils – 3 per Council from Dundee City and Perth & Kinross and 2 per Council from Angus and Stirling – plus 4 or 5 non-Councillor members.

Councillor Members

During 2011/12 Councillor membership of the Partnership was:-

Angus Council

Councillor Iain Gaul
Councillor John Whyte

Dundee City Council

Councillor Dave Bowes
Councillor Will Dawson (Chair)
Councillor Brian Gordon

Perth & Kinross Council

Councillor Ann Gaunt
Councillor Alan Jack (Deputy Chair)
Councillor John Kellas

Stirling Council

Councillor Jim Thomson
Councillor Colin O'Brien

The above Councillor appointments were in place until the Local Government elections in May 2012.

Non-Councillor Members

Non-Councillor appointments are made by the Partnership subject to the consent of Scottish Ministers. The Partnership has agreed to appoint the maximum of 5 non-Councillor members permitted by legislation. The non-Councillor members during 2011/12 were :-

Mr Ken Armstrong – Ken is Director of Operations for NHS Tayside and was appointed as the health sector representative on the Partnership Board with effect from 1 March 2011.

Mr Doug Fleming – Doug has over 45 years experience in the transport industry including Managing Director level experience with Travel Dundee and the Stagecoach Group.

Mr Gavin Roser – Gavin is a Director of Pantrak Transportation Limited and Secretary General to the European Freight and Logistics Leaders Forum. He has over 40 years senior transport experience in road, rail and shipping companies.

Mr David Scotney – David has over 30 years experience of working in transportation policy development and planning in local government and in transport consultancy.

Mr Bill Wright – Bill has over 25 years experience at senior management level in business consultancy and is current chair of Cycling of Scotland.

Advisors

The Partnership may appoint such number of observers or advisors as they consider appropriate. Reflecting the key relationship between regional transportation and land use planning, the Board has appointed TAYplan Strategic Development Plan Manager, Pam Ewen as an advisor to the Partnership.

PARTNERSHIP STAFF

Partnership Director

Eric Guthrie was appointed Partnership Director on 17 July 2006. He has over 30 years experience in local authority transportation policy, planning and delivery. As the Partnership's Chief Officer, Eric is responsible for ensuring that the Partnership meets all of its statutory obligations and duties and for managing the Partnership and its resources.

Projects Manager

Niall Gardiner was appointed Projects Manager on 29 October 2007. He has over 20 years experience working in transportation planning and engineering. Niall is responsible for managing the development and implementation of the Partnership's Revenue and Capital delivery programmes, in liaison with partner Councils and other stakeholders.

Strategy Manager

Michael Cairns was appointed Strategy Manager on 19 November 2007. He has over 30 years experience working in transportation planning and engineering. Michael is responsible for managing development and implementation of the Regional Transport Strategy and related sub-strategies, in liaison with partner Councils and other stakeholders.

Travel Plan Officer

Merry Scott was appointed Travel Plan Officer on 1 January 2007. She has 10 years experience in travel planning and sustainable transport. Merry is responsible for developing and implementing the Regional Travel Plan Strategy working with partner Councils, Health Boards, Scottish Government and other public and private sector agencies.

Office Manager / Personal Assistant (PA) to Director

Ashley Roger was appointed Office Manager / Personal Assistant to the Director on 1 January 2007. She has 15 years office management / PA experience in the private and public sectors. Ashley is responsible for overseeing all aspects of office management and related administrative support to the Partnership's staff and members and providing PA support to the Partnership Director.

Administration Assistant

Muriel Muirhead was appointed Administration Assistant on 1 September 2008. She has previous administrative and clerical experience in the private and public sectors. Muriel is responsible for providing all aspects of clerical and administrative support to the Partnership's staff and members under the general direction of the Office Manager/PA to Director.

Proper Officers

In accordance with statutory requirements the Partnership has appointed three Proper Officers who provide specialist corporate governance, financial and treasury management and legal support and advice to the Partnership Board and Partnership Director.

The Partnership's Proper Officers are :-

Partnership Secretary

Gillian Taylor is Head of Democratic Services with Perth & Kinross Council and is the Proper Officer for all matters relating to Partnership meetings and proceedings and for ethical standards.

Partnership Treasurer

Scott Walker is Chief Accountant with Perth & Kinross Council and is the Proper Officer for all matters relating to financial probity, treasury management and reporting.

Partnership Legal Adviser

Ian Innes is Head of Legal Services with Perth & Kinross Council and is the Proper Officer for all matters of a legal nature, including Execution of Deeds, and representing the Partnership in any legal or tribunal proceedings.

Further information on *tactran* can be found on the Partnership's website – www.tactran.gov.uk

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

REMUNERATION REPORT

(i) Remuneration Policy for Senior Employees

The Partnership Board determines initial 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 for Chief Officials of Local Authorities (Scotland).

(ii) Remuneration for Senior Councillors

Under current legislation Councillor Members of the Partnership are not entitled to receive any remuneration from *tactran*. Expenses paid to Board members are detailed in note 7 to the financial statements.

(iii) Officers Remuneration

The Partnership has three Proper Officers who undertake tasks within their specialised areas and earn in excess of £50,000, however these officers are employed and paid by Perth & Kinross Council and are not included within the Remuneration report.

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

<i>Number of Employees 2010/11</i>	Salary Banding	Number of Employees 2011/12
1	£75,000 - £79,999	1

(iv) Senior Employees Remuneration

Name and Post Title	Salary, Fees and Allowance £000	Total Remuneration 2011/12 £000	Total Remuneration 2010/11 £000
Eric Guthrie Partnership Director	79	79	79
	<hr/>	<hr/>	<hr/>
	79	79	79

The senior employee in the above table has overall chief executive officer responsibility and accountability for the strategic direction and management of the Partnership, to the extent that the person has powers and authority to direct and control the major activities of the Partnership, including activities involving the expenditure of money. They are also responsible for ensuring that the Partnership fulfils its statutory duties and obligations in line with priorities set by the Partnership Board during the year to which the Report relates, whether solely or collectively with other persons.

(v) Senior Employees Pension Entitlement

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


In year pension contributions

Accrued pension benefits

Name and Post Title	In year pension contributions		Accrued pension benefits			
	2010/11 £000	2011/12 £000	As at 31 March 2011 £000	As at 31 March 2012 £000	Difference from 31 March 2011 £000	
Eric Guthrie Partnership Director	15	15	Pension	32	34	2
			Lump Sum	89	89	0
	<u>15</u>	<u>15</u>				

(vi) Audit Review

All information disclosed within the tables is audited by the Partnership's appointed External Auditors. The other sections of the Remuneration Report are reviewed by External Auditors to ensure that they are consistent with the financial statements.



Scott Walker CPFA
Treasurer
tactran
22 June 2012

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

REPORT BY PARTNERSHIP DIRECTOR

INTRODUCTION

Tactran is the statutory Regional Transport Partnership covering the Angus, Dundee City, Perth & Kinross and Stirling Council areas. The Partnership's principal duty is to prepare a Regional Transport Strategy (RTS) and to coordinate delivery of the RTS and generally oversee strategic transport planning and delivery at a regional level. The Partnership also has statutory duties to engage in Community Planning and to support the delivery of Single Outcome Agreements (SOAs); to engage as a Key Agency in the Development Planning process; and to support achievement of statutory Climate Change objectives.

2011/12 DEVELOPMENTS AND ACHIEVEMENTS

REGIONAL TRANSPORT STRATEGY

During 2011/12 the Partnership continued to progress development and delivery of key elements of the Regional Transport Strategy. The RTS Delivery Plan sets out the Partnership's proposals for successful realisation and implementation of the RTS over the period to 2023, and provides a framework for determining associated Capital and Revenue programmes in collaboration with partner Councils, Scottish Government, Transport Scotland and other delivery stakeholders.

The 2011/12 Revenue Programme, amounting to £281,750 supported :-

- further development of Regional Park & Ride Strategy and national Strategic Transport Projects Review (STPR) priorities to implement strategic Park & Ride/Choose facilities on the western and southern approaches to Dundee and also to the east of Perth;
- developing the Tay Estuary Rail Strategy (TERS) business case for introduction of additional regional rail services and facilities; securing introduction of enhanced rail services at Broughty Ferry, Invergowrie, Gleneagles and between Dundee/Perth – Glasgow in December 2011; funding detailed design work on proposed improvements to road access and passenger facilities at Gleneagles Station, as identified through TERS; and supporting the case for Dundee Station enhancements;
- further improving multi-modal travel information availability through development of our unique www.tactranconnect.com web portal, including use of social media and mobile information applications;
- approval of a Regional Health and Transport Framework, endorsed by Health Boards and Community Planning Partnerships;
- continuing Travel Plan Officer and grant funding support to public and private sector bodies on implementing Active Travel Plans and encouraging more sustainable travel behaviour generally;
- developing proposals for piloting more sustainable freight distribution practices through a trial Freight Consolidation Centre scheme linked with Air Quality Management Action Plan objectives in Perth and development work on a regional lorry routeing map.;

In addition to our Revenue Programme the 2011/12 Tactran Capital Programme, amounting to £3.91 million, supported implementation of a number of priority projects within the RTS Delivery Plan, including :-

- enhancement of urban traffic management & control systems in Dundee;
- extension of the Dundee Travel Active "Smarter Choices/Smarter Places" project;
- Quality Bus Corridor improvements between Perth – Blairgowrie – Dundee;
- development of Real Time Passenger Information systems and proposals in Dundee and Perth & Kinross;
- design of Park & Ride facilities at Dundee and Perth;
- revised pick up/set down, taxi and bus stop arrangements at Dundee Station;
- progressing design feasibility work on the A9/A94 link road and associated junctions at Perth; and
- improving road access at Dundee Port to support the development potential of the Port as a renewable energies hub.

COMMUNITY PLANNING ROLE

The Partnership continues to align its RTS policy and delivery priorities in support of national and local outcomes within the four Single Outcome Agreements (SOAs) covering constituent Council areas. Tactran is a formal signatory to the SOAs agreed between Scottish Government and the four Community Planning Partnerships (CPP) in the region. Engaging proactively in Community Planning and supporting development and implementation of SOAs and their associated Action Plans through our own RTS policy and Delivery Plan actions remains a significant focus and commitment for the Partnership.

DEVELOPMENT PLANNING ROLE

Fulfilling the Partnership's role as a Key Agency in the Development Planning process is a further growing area of focus and commitment. The Partnership's officers contributed to the emerging TAYplan Strategic Development Plan and Action Programme and the six Local Development Plans (LDPs) covering our four constituent Councils, the Cairngorms National Park and the Loch Lomond & The Trossachs National Park. Ensuring a close strategic fit between the RTS, TAYplan and the six LDPs covering the Tactran region will remain a high priority and ongoing resource commitment for the Partnership.

CLIMATE CHANGE DUTIES

Reflecting the Partnership's statutory duties under the Climate Change (Scotland) Act 2009 work commenced on establishing baseline information on transport carbon emissions within the region, to assist in informing Tactran's response to the Public Sector Duties imposed under the Act. It is envisaged that this work will also inform our partner CPPs and Strategic Development Plan and Local Development Planning agency responses to the Act and associated Guidance on Public Bodies Climate Change Duties.

PUBLIC SECTOR EFFICIENCY

During 2011/12 the Partnership achieved efficiency savings equivalent to 2.3% of its approved Core Revenue Budget for the year. During the 3 years of the 2009/10 – 2011/12 Spending Review period the Partnership has achieved cumulative Core Budget efficiency savings of approximately 16.7%, well in excess of the target set by Scottish Government.

Further information on the Partnership's activity and our Revenue and Capital programme work can be obtained by visiting our website www.tactran.gov.uk

ACKNOWLEDGEMENTS

On behalf of the Tactran executive team I wish to record sincere thanks and appreciation to the Chair, Deputy Chair and all Members of the Partnership Board for their support and commitment during the year and throughout the May 2007 – May 2012 Local Government term. My own grateful thanks and appreciation are also due to the Partnership's staff and the Proper Officers and their colleagues for their dedicated commitment and support, and also to the many staff within our partner Councils and other stakeholder groups, whose contributions and support are greatly appreciated.



Eric Guthrie
Partnership Director
tactran
22 June 2012

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL PRINCIPLES

These Statement of Accounts summarise the Partnerships transactions for 2011/12 and its position at 31 March 2012. The Partnership is required to prepare an annual Statement of Accounts by the Transport (Scotland) Act 2005, section 3 and section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the Best Value Accounting Code of Practice 2011/12, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Partnership's cash management.

EMPLOYEE BENEFITS

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave and any non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the Partnership. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed from the General Fund Balance by crediting the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Tayside Superannuation Fund attributable to the Partnership are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of projected earnings for current employees,
- The assets of the Tayside Superannuation Fund attributable to the Partnership are included in the Balance Sheet at their fair value,
 - quoted securities – current bid price,
 - unquoted securities – professional estimate,
 - unitised securities – current bid price,
 - property – market value,

- The change in the net pensions liability is analysed into seven components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
 - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - gains/losses on settlements and curtailments – the result of actions to relieve the Partnership of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve;
 - contributions paid to the Tayside Superannuation fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Partnership to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Partnership also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

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 Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is 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 Statement of Accounts.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, Government grants, third party contributions and donations are recognised as due to the Partnership when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments and
- the grants or contributions will be received.

Amounts recognised as due to the Partnership are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) in the Comprehensive Income and Expenditure Statement.

FINANCIAL INSTRUMENTS

In the Notes to the Financial Statements, financial instruments are required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

LEASES

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

RESERVES

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The Reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for non-current assets, retirement benefits and accumulated absences do not represent usable resources for the Partnership – these reserves are explained in note 4.

VAT

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Partnership about the future or 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 Partnerships Balance Sheet at 31 March 2012 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions Liability

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.

The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £246,191 and a similar decrease in the discount rate assumptions would result in an increase in the pension liability of £284,435.

However, the assumptions interact in complex ways. During 2011/12, the Partnership's actuaries advised that the net pensions liability had increased by £113,000 due to an updating of the assumptions.

3. MOVEMENT IN RESERVES STATEMENT – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the 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.

The Partnership holds no Usable Reserves.

	Movement in Unusable Reserves 2010/11 £000	Movement in Unusable Reserves 2011/12 £000
Adjustments involving the Pensions Reserve:		
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	118	8
Employer's pensions contributions and direct payments to pensioners payable in the year	(22)	(3)
Adjustment involving the Accumulating Compensated Absences Adjustment Account		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(4)	6
Total Adjustments	92	11

4. BALANCE SHEET – UNUSABLE RESERVES

31 March 2011 £000		31 March 2012 £000
(490)	Pensions Reserve	(603)
(9)	Accumulating Compensated Absences Adjustment Account	(3)
(499)	Total Unusable Reserves	(606)

Pensions Reserve

The Pensions 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 pensions funds or eventually pays any pensions for which it is directly responsible. The debit

balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Partnership has set aside to meet them. The statutory requirement on constituent Councils to meet the net cost of the Partnership will ensure that funding will have been set aside by the time the benefits come to be paid.

<i>2010/11</i> <i>£000</i>		2011/12 £000
(848)	Balance at 1 April	(490)
262	Actuarial gains or losses on pension assets and liabilities	(118)
118	Reversal 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	8
(22)	Employer's pensions contributions and direct payments to pensioners payable in the year	(3)
(490)	Balance as at 31 March	(603)

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment 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. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

<i>2010/11</i> <i>£000</i>		2011/12 £000
(5)	Balance at 1 April	(9)
(4)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	6
(9)	Balance at 31 March	(3)

5. CASH FLOW STATEMENT – CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

<i>31 March 2011</i> <i>£000</i>		31 March 2012 £000
141	Bank current accounts	13
141	Balance at 31 March	13

6. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions regarding resource allocation are taken by the Partnership's Board on the basis of budget reports analysed across functions. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

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

Segmental Income & Expenditure 2011/12	Core Service £,000	Projects £,000	Totals £,000
Fees, charges & other service income	(1)	(29)	(30)
Interest and Investment Income	0	0	0
Government Grants	(270)	(252)	(522)
Constituent Council requisitions	(136)	0	(136)
Total Income	(407)	(281)	(688)
Employee Expenses	314	0	314
Other service expenses	69	0	69
Support service recharges	22	0	22
Project Costs	0	283	283
Total Expenditure	405	283	688
Net Expenditure	(2)	2	0

Segmental Income & Expenditure 2010/11	Core Service £,000	Projects £,000	Totals £,000
Fees, charges & other service income	(1)	(52)	(53)
Interest and Investment Income	0	0	0
Government Grants	(230)	(386)	(616)
Constituent Council requisitions	(170)	(9)	(179)
Total Income	(401)	(447)	(848)
Employee Expenses	313	0	313
Other service expenses	71	0	71
Support service recharges	22	0	22
Project Costs	0	442	442
Total Expenditure	406	442	848
Net Expenditure	5	(5)	0

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

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

	2011/12 £000	2011/12 £000
Net Expenditure in Segmental Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in Segmental Analysis	(117)	(2)
Amounts included in the Segmental Analysis not included in the Comprehensive Income and Expenditure Statement	179	136
Cost of Services in Comprehensive Income and Expenditure Statement	62	134

Reconciliation to Subjective Analysis

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

2011/12	Segmental Analysis	Not Reported to Mgmt	Not included in CIES	Cost of Services	Corporate Amounts	Deficit on Provision of Service
	£000	£000	£000	£000	£000	£000
Reconciliation to Subjective Analysis						
Fees, charges & other service income	(30)					(30)
Interest & Investment Income	0					0
Government Grants	(522)					(522)
Constituent Councils requisitions	(136)		136		(136)	(136)
	(688)	0	136	0	(136)	(688)
Employee expenses	314					314
Other service expenses	69					69
Support service recharge	22					22
Project costs	283					283
Pension interest cost					78	78
Expected return on pension assets					(87)	(87)
Past service gains		0				0
Employer contributions		(45)				(45)
Current service cost		49				49
Accumulated absences		(6)				(6)
	688	(2)	0	0	(9)	677
(Surplus) on the provision of Service	0	(2)	136	0	(145)	(11)

2010/11	Segmental Analysis	Not Reported to Mgmt	Not included in CIES	Cost of Services	Corporate Amounts	Deficit on Provision of Service
	£000	£000	£000	£000	£000	£000
Reconciliation to Subjective Analysis						
Fees, charges & other service income	(53)					(53)
Interest & Investment Income	0					0
Government Grants	(616)					(616)
Constituent Councils requisitions	(179)		179		(179)	(179)
	<u>(848)</u>	<u>0</u>	<u>179</u>	<u>0</u>	<u>(179)</u>	<u>(848)</u>
Employee expenses	313					313
Other service expenses	71					71
Support service recharge	22					22
Project costs	442					442
Pension interest cost					111	111
Expected return on pension assets					(86)	(86)
Past service gains		(143)				(143)
Employer contributions		(46)				(46)
Current service cost		67				67
Accumulated absences		5				5
	<u>848</u>	<u>(117)</u>	<u>0</u>	<u>0</u>	<u>25</u>	<u>756</u>
(Surplus) on the provision of Service	0	(117)	179	0	(154)	(92)

7. MEMBERS ALLOWANCES

The Authority paid the following amounts to members of the Partnership during the year.

	2010/11 £000	2011/12 £000
Expenses	1	1
	<u>1</u>	<u>1</u>

8. EXTERNAL AUDIT COSTS

The external auditors of the Partnership are appointed by the Accounts Commission for Scotland, for a period of 5 years. The total fee payable to Audit Scotland in respect of the 2011/12 financial year, for external audit services undertaken in accordance with the Code of Audit Practice is £10,200 (2010/11 £10,360). During 2011/12, the external auditor did not provide any other services to the Partnership other than the duties undertaken in accordance with the Code of Audit Practice.

9. DEFINED BENEFIT PENSION SCHEMES

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Partnership has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Partnership participates in:

- The Local Government Pension Scheme, administered locally by Dundee City Council is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions relating to post employment benefits

The costs of retirement benefits are recognised 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 which requires 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:

	Local Government Pension Scheme £000 2010/11	Local Government Pension Scheme £000 2011/12
Costs of Services		
Current Service Cost	67	49
Past Service Costs	(143)	0
Financial and Investment Income and Expenditure		
Interest Costs	111	78
Expected return on scheme assets	(86)	(87)
Total Post Employment Benefit Charged to the surplus or Deficit on the Provision of Services	(51)	40
Actuarial gains and losses	262	(118)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(92)	(11)
Movement in Reserves Statement		
Reversal of net charges made to the surplus or Deficit for the Provision of Services for Post employment benefits in accordance with the code	92	11
Employers contributions payable to scheme	46	46

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2012 is a loss of £648,000 (31 March 2011 £529,000).

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities Local Government Pension Scheme £000 2010/11	Funded liabilities Local Government Pension Scheme £000 2011/12
Opening Balance at 1 April	1,983	1,783
Current Service Costs	67	49
Interest Cost	111	78
Contributions by scheme participants	20	20
Settlements and curtailments	0	0
Actuarial gains and losses	(255)	(99)
Benefits Paid	0	0
Past service costs	(143)	0
Closing balance at 31 March	1,783	1,831
	2010/11 £000	2011/12 £000
Opening Balance at 1 April	1,134	1,293
Rate of return	86	86
Actuarial gains and losses	7	(217)
Employer contributions	46	46
Contributions by scheme participants	20	20
Benefits Paid	0	0
Closing balance at 31 March	1,293	1,228

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The annual loss on scheme assets in the year was £130,283 (2010/11: return of £93,041).

Scheme History

	2008/09 £	2009/10 £	2010/11 £	2011/12 £
Present Value of Liabilities				
Local Government scheme	(1,072,997)	(1,982,502)	(1,782,872)	(1,831,036)
Fair Value of Assets in Local Government Pension Scheme	783,287	1,134,208	1,292,977	1,227,973
(Deficit) of the Scheme	(289,710)	(848,294)	(489,895)	(603,063)

The liabilities show the underlying commitments that the Partnership has in the long term to pay post employment (retirement) benefits. The total liability of £603,000 has a substantial impact on the net worth of *tactran* as recorded in the Balance Sheet, resulting in a negative overall balance of £606,000. However, statutory arrangements which require the pensions funding deficit to be met by constituent Councils, mean that the financial position of the Partnership remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- Funding is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 1 April 2012.

The principal assumptions used by the actuary have been:

		Local Government Discretionary Benefits Pension Scheme		
		2009/10	2010/11	2011/12
Equities		8.3%	8.2%	7.1%
Gilts		4.5%	4.4%	3.3%
Other Bonds		5.5%	5.5%	4.6%
Property		5.5%	5.4%	4.3%
Cash		3.0%	3.0%	3.0%
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Retiring Today:	Males	21.37	21.4	20.6
	Females	24.44	24.4	22.8
Retiring in 20 Years:	Males	22.30	22.3	21.8
	Females	25.34	25.3	24.4
Rate of inflation		3.9%	3.5%	3.3%
Rate of increase in salaries		5.4%	5.0%	4.8%
Rate of increase in pensions		3.9%	2.7%	2.5%
Rate for discounting scheme liabilities		5.5%	5.5%	4.6%

Discretionary Benefits

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme assets consist of the following categories, by proportion of the total assets.

	31 March 2011	31 March 2012
Equities	72%	68%
Gilts	7%	8%
Other Bonds	10%	11%
Property	9%	11%
Cash	2%	2%
Total	<hr/> 100%	<hr/> 100%

History of Experience Gains and Losses

The actuarial gains/(losses) identified as movements on the Pensions Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2012.

	2008/09	2009/10	2010/11	2011/12
	%	%	%	%
Difference between the expected and actual return on assets	29.0	20.3	0.5	(17.7)
Experience gains and losses on liabilities	(44.5)	0	0	20.9

The actuary advised that gains and losses are estimated for each year but only calculated on an actual basis every 3 years.

10. TRANSACTIONS WITH RELATED PARTIES

The four constituent Councils are related parties of *tactran*, in terms of the Accounting Code of Practice, as both *tactran* and the Councils are subject to common control by Central Government. During 2011/12, the Partnership entered into a number of transactions with the constituent Councils and these are detailed as follows:

2010/11			2011/12	
Income From £	Payments To £		Income From £	Payments To £
Angus Council				
(41,035)	0	<i>tactran</i> Requisition	(31,324)	0
0	0	Other Income	(125)	0
0	1,615	Supplies and Services	0	0
0	50,907	Third Party Payments	0	1,100
<u>(41,035)</u>	<u>52,522</u>		<u>(31,449)</u>	<u>1,100</u>
Dundee City Council				
(50,891)	0	<i>tactran</i> Requisition	(38,847)	0
0	0	Other Income	(112)	0
0	3,160	Supplies and Services	0	0
0	52,949	Third Party Payments	0	23,217
<u>(50,891)</u>	<u>56,109</u>		<u>(38,959)</u>	<u>23,217</u>
Perth & Kinross Council				
(54,295)	0	<i>tactran</i> Requisition	(41,446)	0
(139)	0	Interest Receivable	(87)	0
(52,956)	0	Other Income	(28,000)	0
0	188	Supplies and Services	0	1,613
0	28,919	Third Party Payments	0	88,917
0	32,712	Central Support Services	0	25,000
0	4,326	Property Costs	0	5,409
0	723	Transport Costs	0	855
<u>(107,390)</u>	<u>66,868</u>		<u>(69,533)</u>	<u>121,794</u>
Stirling Council				
(32,971)	0	<i>tactran</i> Requisition	(25,168)	0
0	4,094	Supplies and Services	0	0
0	42,845	Third Party Payments	0	3,264
<u>(32,971)</u>	<u>46,939</u>		<u>(25,168)</u>	<u>3,264</u>

11. BALANCES WITH RELATED PARTIES

The four constituent Councils are related parties of *tactran*, in terms of the Accounting Code of Practice, as both are subject to common control by Central Government. The following balances existed between the Partnership and its related parties as at 31 March 2012.

2010/11 Amount Due To/(From) Received In Advance From £		2011/12 Amount Due To/(From) Received In Advance From £
	Angus Council	
10,722	<i>tactran</i> Requisition	2,299
2,522	Third Party Payments	0
<u>13,244</u>		<u>2,299</u>
	Dundee City Council	
13,298	<i>tactran</i> Requisition	2,851
3,160	Supplies and Services	415
<u>16,458</u>		<u>3,266</u>
	Perth & Kinross Council	
(82)	Interest Receivable/(Payable)	(41)
14,188	<i>tactran</i> Requisition	3,042
(51,969)	Other Income	(28,000)
26,560	Staff Cost	25,970
2,532	Supplies and Services	3,922
<u>(8,771)</u>		<u>4,893</u>
	Stirling Council	
8,615	<i>tactran</i> Requisition	1,847
0	Third Party Payments	0
4,263	Supplies and Services	0
2,506	Staff Costs	0
<u>15,384</u>		<u>1,847</u>

12. FINANCE AND OPERATING LEASES

Partnership as Lessee

The Partnership held no assets on finance lease during 2011/12 (2010/11: None) and accordingly there were no finance lease rentals paid to lessors during 2011/12 (2010/11: None). The Partnership occupies office premises in Perth on an operating lease which commenced in November 2006. The lease was originally for a period of six years and this is due for renewal in November 2012. A further 3 year extension to the lease was agreed in June 2012 on existing terms. The annual rent is £12,000.

13. DEBTORS

2010/11 £ 000		2011/12 £000
	<u>Current (Due within 1 year)</u>	
35	Central Government	16
52	Perth and Kinross Council	28
<u>87</u>		<u>44</u>

14. CREDITORS

2010/11 £ 000		2011/12 £000
13	Angus Council	2
16	Dundee City Council	3
43	Perth and Kinross Council	33
15	Stirling Council	2
5	NHS Tayside	6
145	Other Entities and Individuals	14
<u>237</u>		<u>60</u>

15. GRANT INCOME

The Partnership received the following grants and contributions in 2011/12:

	2011/12 £000
Scottish Government	522
Constituent Authorities	100
	<u>622</u>

16. FINANCIAL INSTRUMENT BALANCES

Accounting regulations require that the "financial instruments" shown on the balance sheet be further analysed into various defined categories.

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of an instrument is determined by calculating the Net Present Value (NPV) of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

Fair value of Financial Assets carried at Amortised cost (Less than 12 months)

	31 March 2011		31 March 2012	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Cash	141	141	13	13
	<u>141</u>	<u>141</u>	<u>13</u>	<u>13</u>

Nature and extent of risks arising from Financial Instruments

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

- i. credit risk – the possibility that other parties might fail to pay amounts due to the Partnership;
- ii. liquidity risk – the possibility that the Partnership might not have funds available to meet its commitments to make payments;
- iii. market risk – the possibility that financial loss might arise for the Partnership as a result of changes in such measures as interest rates.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Partnership's customers. The Partnership places deposits with The Co-Operative Bank and Perth and Kinross Council.

The following analysis summarises the Partnership's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Partnership expects full repayment on the due date of deposits placed with its counterparties.

	Amounts at 31 March 2012 £000	Historical experience of default %	Historical experience adjusted for market conditions as at 31 March 2011 %	Estimated maximum exposure to default and uncollectability £000
Deposits with banks and other financial institutions	13	0	0	0
Customers	44	0	0	0
Total	57	0	0	0

Debtors

The Partnership does not generally allow credit for customers, such that no amount of the balance is past its due date for payment. The level of debtors can be analysed by age as follows:

	31 March 2012 £000
Less than three months	44
Total	<u>44</u>

Liquidity Risk

The Partnership has deposits with both The Co-operative Bank and Perth and Kinross Council, both of which are on-call with immediate access. Therefore, there is no significant risk that the Partnership will be unable to raise finance from these sources to meet its commitments under financial instruments.

17. AUTHORISATION OF ACCOUNTS

The unaudited Statement of Accounts was authorised for issue on 22 June 2012.