



**TAYSIDE AND CENTRAL SCOTLAND
TRANSPORT PARTNERSHIP**

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

UNAUDITED

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP
ANNUAL ACCOUNTS 2015/16

CONTENTS

THE ACCOUNTING STATEMENTS:

	Page
MANAGEMENT COMMENTARY	2
MEMBERS AND OFFICIALS 2015/16	9
ANNUAL GOVERNANCE STATEMENT 2015/16	12
STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS	15
MOVEMENT IN RESERVES STATEMENT	16
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	17
BALANCE SHEET	18
CASHFLOW STATEMENT	19
REMUNERATION REPORT	20
NOTES TO THE CORE FINANCIAL STATEMENTS	22

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MANAGEMENT COMMENTARY

1. STRATEGIC CONTEXT AND OBJECTIVES

Tayside & Central Scotland Transport Partnership (Tactran) is the statutory Regional Transport Partnership covering Angus, Dundee City, Perth & Kinross and Stirling Councils. Established under the Transport (Scotland) Act 2005 Tactran's main purpose is to prepare and coordinate the delivery of a statutory Regional Transport Strategy for the region and to oversee and contribute to effective strategic transport planning and delivery at a regional level.

The original Regional Transport Strategy 2008 - 2023 was approved by Scottish Ministers in June 2008 and sets out a Vision and Objectives for ensuring that transport infrastructure and networks meet the mobility and accessibility needs of people and businesses throughout the region over a 10 – 15 year period. In accordance with revised Ministerial direction in 2008, the Regional Transport Strategy (RTS) is a “high level” strategy.

During 2015/16 the Partnership completed a refresh of the RTS in consultation with its partner Councils and other key stakeholders, leading to Ministerial approval of the Regional Transport Strategy 2015 – 2036 Refresh in July 2015.

Implementation of the Strategy is guided by a separate RTS Delivery Plan, which identifies key interventions that are required nationally, regionally and locally to support effective implementation of the Strategy and realisation of the Strategy's overarching Vision and Objectives. The RTS Delivery Plan provides a strategic framework for determining Capital and Revenue programmes which will support delivery of the RTS, working in collaboration with partner Councils, Scottish Government, Transport Scotland and other delivery stakeholders.

Following approval of the RTS 2015 – 2036 Refresh, the Delivery Plan is being reviewed and updated in consultation with partner Councils and other key stakeholders, having regard to revised and new national, regional and local policies, strategies and delivery priorities.

Progress on delivery of the RTS is monitored and reported through the approved RTS Monitoring Framework, which currently consists of 22 defined indicators which are reported annually within the Partnership's Annual Reports. This is supplemented by bi-annual reporting on progress against the Strategic Actions identified within the RTS. The original 23 Strategic Actions identified in the RTS 2008 - 2023 have been reviewed and updated within the approved RTS 2015 – 2036 Refresh. The Monitoring Framework will be reviewed and updated following completion of the ongoing review of the RTS Delivery Plan in 2016/17.

Regional Transport Partnerships (RTPs) are statutory Community Planning Agencies. Tactran is committed to playing a full and constructive partner role in actively supporting Community Planning and to supporting the achievement of national and local outcomes by aligning the RTS and its delivery priorities with the four Single Outcome Agreements (SOAs) covering its constituent Council areas. The Partnership is a formal signatory to the existing multi-agency SOAs which were developed and agreed in summer 2013.

Ongoing review of the RTS Delivery Plan aims to reflect and support Community Planning priorities. Both the RTS and the RTS Delivery Plan will be monitored and reviewed to ensure continuing support and alignment with new Locality Outcome Improvement Plans (LOIPs) which are to be developed under the Community Empowerment (Scotland) Act 2015, as these new LOIPs emerge.

RTPs are also statutory Key Agencies in the Development Planning process. Tactran works closely with the 7 relevant Strategic and Local Development Planning Authorities within the region (TAYplan, Angus, Dundee City, Perth & Kinross and Stirling Councils and the Cairngorms National Park and the Loch Lomond and the Trossachs National Park) to ensure alignment of strategic transportation and land use policy, plans and delivery.

RTPs are identified as “key players” in supporting achievement of national carbon reduction and other environmental objectives under the Climate Change (Scotland) Act 2009 (CCA). A key element and focus of the RTS is to inform, support and enable partner Councils, CPPs, other public sector agencies, businesses and communities to contribute to CCA and wider health and wellbeing objectives and targets, through more sustainable approaches to transport, mobility and connectivity.

With effect from November 2015 the Partnership, along with other specified public bodies, is required to comply with statutory annual Public Sector Climate Change Reporting requirements.

Review of 2015/16 Developments and Achievements

Each year the Partnership approves an annual RTS Revenue Programme which sets out the Partnership's key RTS delivery priorities for the financial year concerned.

During 2015/16 the approved RTS Revenue Programme, amounting to £213,110 supported a wide range of regional, local and national priorities:-

- Ongoing development, monitoring and refresh of the RTS - £15,000
- Maintenance and development of an enhanced regional multi-modal travel information portal www.GoToo.com - £17,000
- Appointment of an Active Travel Officer as part of a partnership with Sustrans to promote and increase Active Travel behaviour and infrastructure - £35,900
- Support for the national Give Everyone Cycle Space campaign across the region - £10,000
- Ongoing maintenance and development of the regional Tactran Liftshare and Travel; Know How travel planning websites, plus providing Sustainable Travel Grant and other support to enable a range of public and private sector organisations' development and implementation of workplace Travel Plans in support of Climate Change Act objectives - £35,000
- Contribution to the Ring of Breadalbane Explorer bus service - £5,250
- Contribution to a pilot Demand Responsive Transport service in west Kinross-shire/Clackmannanshire - £5,000
- Contribution to a significant improvement in bus services between Dundee – Forfar – Brechin – Stracathro Hospital – Edzell - £15,000
- Maintenance and development of the Thistle Card assistance card and an associated "app" to assist disabled bus users across region - £4,000
- Supporting development of the proposed Tay South Park & Ride/Choose facility in partnership with Dundee City Council, SEStran, Fife Council and Transport Scotland - £10,000
- Continued support for development of locally relevant Health and Transport Action Plans through Community Planning Partnerships under auspices of the Regional Health & Transport Framework - £10,000
- Continued development of the Tay Estuary Rail Strategy (TERS) with new ScotRail franchise operator Abellio to build on earlier introduction of enhanced rail services between Dundee/Perth – Glasgow and at Broughty Ferry, Gleneagles, Invergowrie, Carnoustie and Monifieth; Gleneagles Station enhancements; investigating the business case for the potential relocation of Invergowrie Station; investigating the feasibility of relocating Bridge of Allan station; contributing to a joint study with SEStran, Perth & Kinross and Fife Councils into the potential for new/re-opened stations at Oudenarde and Newburgh - £12,000
- Maintaining annual support for the 2015 Safe Drive/Stay Alive road safety education programme for young drivers, which is a community safety priority for CPPs in Angus, Dundee, Perth & Kinross and Stirling - £12,000
- Supporting development of proposals for urban freight consolidation centres in Dundee and Perth using learning from participation in the Last Mile Logistics (LaMiLo) EU project - £11,500.
- Contribution to a collaborative marketing programme supporting development of air services and regional air connectivity at Dundee Airport - £15,000

In addition to the above projects, the Active Travel partnership entered into with Sustrans in 2014 secures an allocation of £100,000 per annum from the national Community Links programme to support the development and provision of Active Travel infrastructure across the region during 2014/15 and 2015/16. This funding is available to match-fund up to 50% of the cost of projects by bidding to the Partnership's Active Travel Grant Scheme.

During 2015/16 the Active Travel Grant scheme supported:-

- Cycle parking at new Community Campus in Brechin, Angus - £5,000
- Upgrading of Riverside Avenue/NCN/Green Circular in Dundee - £36,500
- Trottick Ponds Green Circular route upgrading in Dundee - £4,000

- Shared use path and improved community connectivity in Longforan, Perth & Kinross - £14,500
- Stirling Station Gateway shared use path, Toucan crossing and link to NCN - £35,000
- Stanley Community Development Trust, Stanley to Luncarty cycle path feasibility - £5,000

In addition to its principal focus of developing and delivering the RTS a significant proportion of staff time and resource is committed to supporting general Community Planning engagement and development in all four partner Council areas and working with Development Planning Authorities, including supporting and commenting on the second iteration of the TAYplan Strategic Development Plan and Local Development Plans

The Partnership Board receives regular reports on ongoing officer engagement in the various Development Planning processes and also comments formally at the key Main Issues Report and Proposed Plan stages for each Development Plan within the region and also on any related Supplementary Guidance.

In 2014 TAYplan, the Strategic Development Planning (SDP) authority covering Angus, Dundee City, Perth & Kinross and North East Fife commenced the process leading towards preparation of an updated SDP for the period 2016 – 2036. TAYplan and Tactran undertook a parallel Main Issues public consultation during the summer of 2014, the outputs of which informed the refresh of the RTS. Reflecting the importance of fully aligning strategic transportation and land use planning policy and objectives, the approved RTS 2015 – 2036 Refresh has specifically adopted the same time horizon as the updated TAYplan SDP2 to 2036.

During 2015/16 the Partnership responded formally to the following Development Planning and other relevant consultations:-

- TAYplan Proposed Strategic Development Plan 2016 – 2036
- Loch Lomond & The Trossachs National Park Proposed Local Development Plan
- Angus Proposed Local Development Plan
- Dundee Local Development Plan 2 Main Issues Report
- Perth & Kinross Local Development Plan 2 Main Issues Report
- Stirling Local Development Plan Review Main Issues Report
- Dundee City Council Draft Planning Guidance : The Dundee Green Network
- Dundee Draft Cycling Strategy

During 2015 the Partnership's officers contributed to Transport Scotland's refresh of the National Transport Strategy. The Partnership also responded to a consultation on Scotland's Rail Freight Strategy and to Network Rail's Draft Scotland Route Study.

Further information on the Partnership's activity, the Regional Transport Strategy and our related RTS programme work can be obtained by visiting our website www.tactran.gov.uk.

2. FUTURE DEVELOPMENTS

Following statutory approval of the RTS 2015 – 2036 Refresh in July 2015, work has continued on reviewing and updating the associated RTS Delivery Plan. This has involved a comprehensive process of key stakeholder engagement and consultations during early 2016 and embedding of priorities identified in national and local strategies and in evolving SOA, SDP and LDP Action Programmes.

An initial Draft RTS Delivery Plan was considered and approved by the Partnership Board on 8 March 2016. A finalised RTS Delivery Plan, focussing on the priority interventions for development and delivery of the RTS over the next 5 years, from 2016 – 2021, will be reported for approval by the Partnership Board on 14 June 2016.

Upon completion and approval of the RTS Delivery Plan review, the RTS Monitoring Framework will also be reviewed and updated. The current Monitoring Framework includes a number of indicators which are derived from nationally gathered and reported sources such as the Census or Scottish Household Statistics (SHS), which are only published periodically. Reliance on the availability of nationally and externally derived monitoring information and indicators inevitably places restrictions on the availability, scope and timescales for performance reporting. Concerns over the availability, consistency and continuing relevance of nationally derived indicators within the approved Monitoring Framework have been highlighted previously. The setting of appropriate targets and milestones

against which progress on delivery of the RTS can be measured will require to be agreed with partner Councils, Transport Scotland and other relevant delivery partners and agencies.

The refreshed RTS and updated Delivery Plan reflect and take account of changes to the region's transport networks, demographics, travel needs and patterns and numerous revisions to national and local policies and strategies since 2008. A key focus for the Partnership moving forward will be ensuring continuing alignment with local and national policies and priorities, in particular evolving Community Planning priorities under the Community Empowerment Act 2015, and also in relation to emerging opportunities for collaborative working through initiatives such as the Tay Cities Deal, which is likely to involve a focus on improving strategic regional connectivity, with the potential for a supportive role and contribution by Tactran.

It is understood that Community Planning Partnerships will be reviewing existing Single Outcome Agreements and moving towards the production of Locality Outcome Improvement Plans (LOIPs) as required under the Community Empowerment (Scotland) Act 2015 by summer 2017. Engaging the in process of updating or replacing SOAs with LOIPs, including ensuring continuing alignment with priorities identified in the RTS Delivery Plan, will form another key focus during 2016/17.

In publishing the National Transport Strategy Refresh in January 2016, the previous Scottish Government acknowledged and indicated the need for a fundamental review of the National Transport Strategy, potentially aligned with updating of the National Planning Framework, and coupled with a review of transport governance roles, responsibilities and arrangements. It is understood that the new Scottish Government intends to pursue a fundamental review and updating of the National Transport Strategy and associated Strategic Transport Projects Review. This will be a further key area of focus, in terms of ensuring that the priority policies and interventions contained within the RTS 2015 – 2036 Refresh and RTS Delivery Plan are adequately reflected in Government priorities for investing in improving the national and regional transport network and connectivity moving forward.

As a result of planned staff turnover the Partnership commenced a review of its staffing requirements in early 2016. A revised, interim Management Structure was approved on 8 March 2016 and implemented in May, with further proposals for future staffing to be considered by the Partnership with a view to a new staffing structure and complement being in place ahead of the Council elections in May 2017. This process will have regard to emerging collaborative working opportunities, in line with Government expectations to see accelerated progress on this agenda, and which RTPs are ideally positioned to support.

3. PRINCIPAL RISKS AND UNCERTAINTIES

Tactran has an approved Risk Management Policy and Risk Register which set out the key strategic and operational risks for the Partnership and associated management controls. The main areas of identified risk are in relation to RTS development and delivery; management and operation of the Partnership; and financial support and management.

The Risk Register is reviewed by Board members not less than annually, normally at the March quarterly Partnership meeting, to take account of any new or altered risks identified during the previous financial year and looking forward into future financial year(s).

The principal strategic risk facing the Partnership, as identified through successive Risk Register reviews and Annual Audits, continues to be in relation to securing the necessary commitment and funding to support delivery of the RTS. The Partnership and its officers continue to seek and explore opportunities for leveraging external and match delivery funding through engagement with partner Councils, Community Planning Partners, Transport Scotland, other RTPs, transport agencies and providers and through membership of Scotland Europa, in terms of opportunities emerging through various EU funds.

As outlined above, during 2014/15 Tactran entered into a new partnership relationship with sustainable transport charity Sustrans which secured additional Capital funding of £100,000 per annum, initially during 2014/15 and 2015/16, to support implementation of the RTS. A further allocation of £100,000 grant funding for 2016/17 has now been.

FINANCIAL PERFORMANCE

This section is presented as a commentary on the overall financial position of Tactran as shown within the Annual Accounts for the year ended 31 March 2016. It contains explanations of the major influences on the Partnership's income, expenditure and cash flow in line with the Statement of

Accounting Policies which sets out the basis upon which the financial statements have been prepared and explains the accounting treatment of both general and specific items.

At its meeting on 9 December 2014, the Tayside and Central Scotland Transport Partnership Board approved the 2015/16 Core Revenue Budget of £425,700 of which £320,680 was met by Grant in Aid funding from the Scottish Government. In addition, £11,040 of budgeted income from the constituent Councils was brought forward from 2014/15 to fund key RTS priorities and miscellaneous other income of £2,000. A further £103,020 in 2015/16 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%	£23,595
Dundee City Council	28.4%	£29,265
Perth and Kinross Council	30.3%	£31,210
Stirling Council	18.4%	£18,950
Total Council Requisitions	100.0%	£103,020

The Scottish Government also provided additional Grant in Aid revenue funding for the financial year 2015/16 for the Regional Transport Strategy of £202,070.

This resulted in a gross revenue budget for 2015/16 of £638,810.

During 2015/16, the Partnership Board received regular revenue monitoring reports in order to keep members fully appraised as to the projected outturn position.

The Partnership's final position for 2015/16 excluding accounting adjustments relating to pensions (£53,000) was a surplus of £17,054. In line with the Partnership Board approval this surplus has been designated as deferred income and carried forward to 2015/16.

	Budget £,000	Actual £,000	Variance £,000
Employee Costs	332	325	7
Property Costs	27	25	2
Supplies & Services	17	18	(1)
Transport	5	7	(2)
Third Party	258	351	(93)
Total Expenditure	639	726	(87)
Scottish Government Grant	523	523	0
Council Requisitions	103	103	0
Deferred Income	11	(6)	17
Other Income	2	106	(104)
Total Income	639	726	(87)

For 2015/16, the main factors underlying each of the variances are as follows:

The over spend in third party costs of £93,000 was related to expenditure of £100,000 on the Active Travel projects which was offset by additional income of £100,000 received from Sustrans.

The partnership also had a reduction in staff costs due to maternity leave. This was partially offset by employing a part-time member of staff to provide cover.

The Partnership also received additional income of £6,413 in relation to European funded projects. The Partnership was also likely to receive a further refund of £3,833 for shared management costs that had been incurred through participation in the EU LaMiLo project from 2013, however as the managing partner the Institute for Sustainability has gone into administration there is a great degree of uncertainty on whether these funds will be received.

As a result of this additional European funding, and a number of small over and under spends, the Partnership did not require the full requisitions due from the four constituent authorities. At the Partnership meeting of 8 March 2016 it was agreed that this amount would be used by the Partnership to support the 2016/17 RTS Revenue Budget. The final amount of deferred income totals £17,054.

The total deficit on the Comprehensive Income and Expenditure Statement was £42,000 which reflects, International Accounting Standard 19 (Retirement Benefits) ("IAS 19"), the entries required in respect of pension costs and accumulated absences.

4. ANNUAL GOVERNANCE STATEMENT

This statement sets out the framework within which governance and 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.

5. STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

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

6. GENERAL FUND

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

7. CAPITAL EXPENDITURE

During 2015/16, the Partnership did not incur any direct capital expenditure.

8. PENSION LIABILITY

Under International Accounting Standard (IAS) 19 (Retirement Benefits), the Partnership is required to include in the Annual 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 £416,000 as at 31 March 2016. The estimated net pension liability at 31 March 2015 was £458,000.

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 2016.

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.

Triennial valuations of the Fund are carried out with the last valuation having taken place at 31 March 2014 and resulting in a reduction in employer's contributions from 18% to 17% of pensionable pay from 1 April 2015.

9. BALANCE SHEET NET LIABILITIES

The Balance Sheet at 31 March 2016 shows net liabilities of £424,000. This net liability position reflects the inclusion of net pension liabilities of £416,000 falling due in future years and arising from the application of IAS 19 (Retirement Benefits) and £8,000 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.

10. PRIOR PERIOD ADJUSTMENTS

There are no prior period adjustments.

11. POST BALANCE SHEET EVENTS

No significant events occurred between the Balance Sheet date and the date the Treasurer signed the accounts that would have a material impact on the 2015/16 Annual Accounts.

12. 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.

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 the 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 provide the reader with further information which is not separately detailed in the core financial statements.

13. 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.

Partnership Board members receive no remuneration in relation to their appointment to the Partnership. Board members may claim reasonable expenses incurred in relation to their participation in Partnership business. Expenses for Councillor Members are borne by the constituent Councils. Expenses paid to non-Councillor members are reported in Note 7: Members Allowances.

14. ACKNOWLEDGEMENTS

During the 2015/16 financial year the Partnership's financial position has undertaken regular scrutiny and strict budgetary control. We would wish to place on record our 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 2015/16 Annual Accounts.

Will Dawson
Chair of Partnership Board
Tactran

Scott Walker
Treasurer
Tactran

Eric Guthrie
Partnership Director
Tactran

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MEMBERS AND OFFICIALS 2015/16

Tayside and Central Scotland Transport Partnership (Tactran) is a statutory body established under the Transport (Scotland) Act 2005. The Tactran region covers the Angus, Dundee City, Perth & Kinross and Stirling Council areas.

Tactran works with its partner Councils, 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.

PARTNERSHIP BOARD MEMBERSHIP

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

Board membership during 2015/16 was:-

Councillor Members

Angus Council

Councillor Mairi Evans
Councillor Ronnie Proctor

Dundee City Council

Councillor Bill Campbell
Councillor Will Dawson (Chair)
Councillor Brian Gordon

Perth & Kinross Council

Councillor Mike Barnacle
Councillor John Kellas
Councillor Alan Livingstone

Stirling Council

Councillor Danny Gibson
Councillor Alycia Hayes

The current Councillor appointments extend until the next Local Government elections in May 2017.

Non-Councillor Members

Non-Councillor appointments are made by the Partnership, subject to the consent of Scottish Ministers. Legislation permits the Partnership to appoint either 4 or 5 such members and the Partnership has agreed to appoint the maximum of 5 non-Councillor members. The non-Councillor members during 2015/16 were:-

Mr Mark Craske – Mark is Travel Manager for NHS Forth Valley and Chair of the Health Facilities Scotland Transport and Travel Planning Advisory Group. He was appointed as health sector representative on the Partnership Board with effect from April 2013.

Ms Trudi Craggs – Trudi was appointed to the Partnership Board on 1 December 2014. She has extensive experience working as a leading transport lawyer in Scotland and advising on the development and implementation of a number of major road, rail and general transport strategies and projects.

Mr James (Doug) Fleming – Doug has over 45 years' experience in the transport industry including Managing Director level experience with Travel Dundee and the Stagecoach Group. He was appointed to the Partnership Board in February 2009 and was appointed Deputy Chair of the Partnership in June 2012.

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. He was appointed to the Partnership Board in March 2007.

Mr David Scotney – David has over 30 years' experience of working in transportation policy development and planning in local government and in transport consultancy. He was appointed to the Partnership Board in September 2010.

Advisors

Regional Transport Partnerships may appoint such number of observers or advisors as they consider appropriate.

Reflecting the key strategic relationships between regional transportation and land use planning, the Board has appointed TAYplan Strategic Development Plan Manager, as an advisor to the Partnership.

Complementing a new partnership relationship entered into with transport charity Sustrans in 2014/15, to promote and develop walking and cycling through appointment of an embedded Active Travel Officer and delivery of associated measures and infrastructure, the Partnership agreed to appoint, the Infrastructure Partnership Manager, Sustrans, as an advisor.

PARTNERSHIP STAFF

Partnership Director

Eric Guthrie was appointed Partnership Director in July 2006. He has over 37 years' experience working in local authority transportation policy, planning and delivery plus previous experience of working in the bus industry. As the Partnership's Chief Officer, he 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 in October 2007. He has over 27 years' experience working in transportation planning and engineering. Niall is responsible for managing the development and implementation of Regional Transport Strategy Revenue and Capital delivery programmes, in liaison with partner Councils, Community Planning Partnerships, Development Planning Authorities and other delivery stakeholders.

Strategy Manager

Michael Cairns was appointed Strategy Manager in November 2007. He has over 36 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, Health Boards, Community Planning Partnerships, Development Planning Authorities and other strategic stakeholders.

Travel Plan Officer

Merry Scott was appointed Travel Plan Officer in January 2007. She has over 13 years' experience in travel planning and sustainable transport promotion and delivery. Merry is responsible for developing and implementing the Regional Travel Plan Strategy and sustainable transport initiatives working with partner Councils, Health Boards, Scottish Government and other public and private sector agencies.

Active Travel Officer

Under the partnership arrangement with Active Travel charity Sustrans Craig Swankie was appointed as an embedded Active Travel Officer in June 2015 and left in November 2015. Nina Gillespie was appointed to this position in January 2016 under a partnership arrangement with Active Travel charity Sustrans. Nina is responsible for promoting the development and delivery of walking and cycling measures and infrastructure, including delivery of an associated regional Active Travel Capital Programme, working with partner Councils, Health Boards and other partners.

Office Manager / Personal Assistant (PA) to Director

Ashley Roger was appointed Office Manager / Personal Assistant to the Director in January 2007. She has over 18 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 in 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 legal support and advice to the Partnership Board and Partnership Director. These 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 governance, 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, former Head of Legal Services with Perth & Kinross Council was Proper Officer for all matters of a legal nature, including Execution of Deeds, and representing the Partnership in any legal or tribunal proceedings. Ian Innes retired in June 2015 and the new Head of Legal Services for Perth & Kinross Council Lisa Simpson became the Partnership's legal adviser on her appointment.

Further information on Tactran's membership and officer team can be found on the Partnership's website – www.tactran.gov.uk

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

ANNUAL GOVERNANCE STATEMENT 2015/16

1. Scope of Responsibility

Tactran's aim is to develop a transportation system for the region covering the Angus, Dundee City, Perth & Kinross and Stirling Council areas, as outlined in the Partnership's updated Regional Transport Strategy 2015-2036 Refresh.

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 management of risk.

The Partnership has approved and adopted a set of governance documents which is consistent with appropriate corporate governance and relevant guidance. These documents are reviewed every 2-3 years with a further review scheduled in for June 2016.

This statement explains how the Partnership delivers good governance and reviews the effectiveness of these arrangements.

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 prioritise the risks to the achievement of the Partnership's policies, aims and objectives. These risks are reported to the Partnership annually. This will enable the Partnership to manage its key risks efficiently, effectively, economically and ethically. 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.

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.

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 Partnership has previously agreed that regular internal audit scrutiny is not necessary for the scale of the Partnership but they will provide advice and guidance as and when required.

No specific governance improvement areas have been identified for 2015/16.

3. Determining the Partnership's purpose, its vision for the region and intended outcomes for the Community

The Partnership aims to develop a transportation system for the region covering the Angus, Dundee City, Perth & Kinross and Stirling Council areas, which will enable business 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 2015 – 2036 Refresh.

The Annual Revenue Programme details the projects the Partnership is involved in and an update is reported to the Partnership Board on a quarterly basis. These projects link to the aims of the 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, which uses some of Perth & Kinross Council's financial control systems, has put in place arrangements detailed within the Partnership's Governance documents.

The review of the effectiveness of its governance framework is informed by:

- the operation and monitoring of controls by the Partnership Director, Proper Officers and managers;
- the External Auditors in their Annual Audit Report; and
- other inspection agencies comments and reports.

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

- The Partnership Board provides strategic leadership, determines policy aims and objectives and takes executive decisions not delegated to officers. It provides governance accountability for the Partnership's performance.
- Audit Scotland's Annual Audit Report is considered by the Partnership Board.
- The Risk Management System requires that risks are reviewed regularly by officers and annually by the Partnership Board. This ensures that actions are taken to effectively manage the Partnership's identified risks.
- The Legal Officer is responsible to the Partnership for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

The Partnership's financial management arrangements conform with the governance arrangements of CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government.

5. Certification

In compliance with accounting practice, the Treasurer has provided the Partnership Director with a statement on the adequacy and effectiveness of the Partnership's internal financial control system for the year ended 31 March 2016. 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 evidence that the governance arrangements are operating effectively with overall compliance by the Partnership in all significant areas of corporate governance.

Will Dawson
Chair of Partnership Board
Tactran

Eric Guthrie
Partnership Director
Tactran

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

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 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 Annual 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 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 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 Annual 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 2016.

Will Dawson
Chair of Partnership Board
Tactran

Scott Walker CPFA
Treasurer
Tactran

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MOVEMENT IN RESERVES STATEMENT

For the year ended 31 March 2016

	General Fund Balance	Total Usable Reserves	Accumulated Absences Unusable Reserves	Pensions Reserve Unusable Reserves	Total Tactran Reserves
	£,000	£,000	£,000	£,000	£,000
Balance at 31 March 2014	0	0	(8)	(826)	(834)
<u>Movement in reserves during 2014/15</u>					
Deficit on provision of services	(63)	(63)	0	0	(63)
Other Comprehensive Expenditure and Income	0	0	0	431	431
Total Comprehensive Expenditure and Income	(63)	(63)	0	431	368
Adjustments between accounting basis & funding basis under regulations (note 3)	63	63	0	(63)	0
Increase in 2014/15	0	0	0	368	368
Balance at 31 March 2015 carried forward	0	0	(8)	(458)	(466)
<u>Movement in reserves during 2015/16</u>					
Deficit on provision of services	(53)	(53)	0	0	(53)
Other Comprehensive Expenditure and Income	0	0	0	95	95
Total Comprehensive Expenditure and Income	(53)	(53)	0	95	42
Adjustments between accounting basis & funding basis under regulations (note 3)	53	53	0	(53)	0
Increase in 2015/16	0	0	0	42	42
Balance at 31 March 2016 carried forward	0	0	(8)	(416)	(424)

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

BALANCE SHEET

Year ending 31 March 2016

<i>As at</i>		Notes	<i>As at</i>	
<i>31 March 2015</i>			<i>31 March 2016</i>	
<i>£000</i>	<i>£000</i>		<i>£000</i>	<i>£000</i>
25		13	32	
80		16	46	
<hr/>			<hr/>	
105	Current Assets		78	
(113)		14	(86)	
<hr/>			<hr/>	
(113)	Current Liabilities		(86)	
(458)		9	(416)	
<hr/>			<hr/>	
(466)	Net Liabilities		(424)	
<hr/>			<hr/>	
Financed by Fund Balances and Unusable Reserves:				
(458)	Pensions Reserve	4	(416)	
(8)	Accumulated Absence	4	(8)	
<hr/>			<hr/>	
(466)			(424)	
<hr/>			<hr/>	

The Unaudited Annual Accounts were authorised for issue on the 14 June 2016.

Scott Walker CPFA
Treasurer
Tactran
14 June 2016

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

CASH FLOW STATEMENT

Year ending 31 March 2016

<i>2014/15</i> <i>£000</i>		Notes	2015/16 £000
(63)	Net deficit on provision of service		(53)
120	Adjustments to net surplus or (deficit) on the provision of services for non cash movements		19
<hr/> 57	Net Increase/(decrease) in cash and cash equivalents		<hr/> (34)
23	Cash and cash equivalents at the beginning of the reporting period		80
<hr/> 80	Cash and cash equivalents at the end of the reporting period	5	<hr/> 46

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. Remuneration would be made directly from their constituent authorities and this information would be disclosed within each constituent authority's remuneration report. 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, who earn in excess of £50,000 (Partnership Secretary, Treasurer and Legal Adviser), however all Proper Officers are employed and paid by Perth & Kinross Council and are not included within the Remuneration report. The Partnership is recharged a total of £9,000 by Perth and Kinross Council for these individual officers.

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

<i>Number of Employees 2014/15</i>	Salary Banding	Number of Employees 2015/16
1	£80,000 - £84,999	1

(iv) Senior Employees Remuneration

Name and Post Title	Salary, Fees and Allowance	Total Remuneration 2015/16	Total Remuneration 2014/15
Eric Guthrie Partnership Director	£81,694	£81,694	£80,487
	£81,694	£81,694	£80,487

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. He is 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	2014/15	2015/16		As at 31	As at 31	Difference
	£000	£000		March	March	from 31
				2015	2016	March
				£000	£000	2015
						£000
Eric Guthrie Partnership Director	15	14	Pension	38	41	3
			Lump Sum	91	92	1
	15	14				

(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.

Eric Guthrie
Partnership Director
Tactran

Will Dawson
Chairperson
Tactran

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Annual Accounts summarise the Partnerships transactions for 2015/16 and its position at 31 March 2016. The Partnership is required to prepare Annual 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 2015/16 and the Service Reporting Code of Practice for Local Authorities 2015/16, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of 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, 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 up to 31 March 2015. As of 01 April 2015 the scheme changes to a career average scheme:

- The liabilities of Tayside Pension 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 Tayside Pension 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 Tayside Pension 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 Annual Accounts are 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 Annual Accounts are adjusted to reflect such events;
- 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.

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 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 Annual 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 2016 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 pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £74,522 (£73,052 for 2014/15).

However, the assumptions interact in complex ways. During 2015/16, the Partnership's actuaries advised that the net pension's liability had reduced by £42,000 (2014/15 pension liability reduced by £368,000) 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.

	<i>Movement in Unusable Reserves</i>	<i>Movement in Unusable Reserves</i>
	<i>2014/15 £000</i>	<i>2015/16 £000</i>
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	(109)	(97)
Employer's pensions contributions and direct payments to pensioners payable in the year	46	44
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	0	0
Total Adjustments	(63)	(53)
4. BALANCE SHEET – UNUSABLE RESERVES		
<i>31 March 2015</i>		<i>31 March 2016</i>
£000		£000
(458) Pensions Reserve		(416)
(8) Accumulating Compensated Absences Adjustment Account		(8)
(466)	Total Unusable Reserves	(424)

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 pension's 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.

2014/15 £000		2015/16 £000
(826)	Balance at 1 April	(458)
431	Other Comprehensive Income	95
(109)	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	(97)
46	Employer's pensions contributions and direct payments to pensioners payable in the year	44
(458)	Balance as at 31 March	(416)

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.

2014/15 £000		2015/16 £000
(8)	Balance at 1 April	(8)
0	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	0
(8)	Balance at 31 March	(8)

5. CASH FLOW STATEMENT – CASH AND CASH EQUIVALENTS

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

31 March 2015 £000		31 March 2016 £000
80	Bank current accounts	46
80	Balance at 31 March	46

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 Service Reporting Code of Practice for Local Authorities. 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:

- 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 2015/16	Core Service £,000	Projects £,000	Totals £,000
Fees, charges & other service income	(6)	(100)	(106)
Government grants	(321)	(202)	(523)
Constituent Council requisitions	(86)	(11)	(97)
Total Income	(413)	(313)	(726)
Employee expenses	325	0	325
Other service expenses	72	0	72
Support service recharges	22	0	22
Project costs	0	307	307
Total Expenditure	419	307	726
Net Expenditure	6	(6)	0

Segmental Income & Expenditure 2014/15	Core Service £,000	Projects £,000	Totals £,000
<i>Fees, charges & other service income</i>	(17)	(99)	(116)
<i>Government grants</i>	(319)	(204)	(523)
<i>Constituent Council requisitions</i>	(90)	(2)	(92)
Total Income	(426)	(305)	(731)
<i>Employee expenses</i>	328	0	328
<i>Other service expenses</i>	75	0	75
<i>Support service recharges</i>	22	0	22
<i>Project costs</i>	0	306	306
Total Expenditure	425	306	731
Net Expenditure	(1)	1	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.

	2014/15 £000	2015/16 £000
Net Expenditure in Segmental Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in Segmental Analysis	109	97
Amounts included in the Segmental Analysis not included in the Comprehensive Income and Expenditure Statement	(46)	(44)
Cost of Services in Comprehensive Income and Expenditure Statement	63	53

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).

	Segmental Analysis	Not Reported to Mgmt	Not included in CIES	Cost of Services	Corporate Amounts	Deficit on Provision of Service
2015/16						
Reconciliation to Subjective Analysis	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(106)					(106)
Government grants	(523)					(523)
Constituent Councils requisitions	(97)					(97)
	<u>(726)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(726)</u>
Employee expenses	325					325
Other service expenses	72					72
Support service recharge	22					22
Project costs	307					307
Pension interest cost		76				76
Expected return on pension assets		(62)				(62)
Employer contributions			(44)			(44)
Current service cost		83				83
	<u>726</u>	<u>97</u>	<u>(44)</u>	<u>0</u>	<u>0</u>	<u>779</u>
Deficit on the provision of Service	<u>0</u>	<u>97</u>	<u>(44)</u>	<u>0</u>	<u>0</u>	<u>53</u>
2014/15						
Reconciliation to Subjective Analysis	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(116)					(116)
Government grants	(523)					(523)
Constituent Councils requisitions	(92)					(92)
	<u>(731)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(731)</u>
Employee expenses	328					328
Other service expenses	75					75
Support service recharge	22					22
Project costs	306					306
Pension interest cost		116				116
Expected return on pension assets		(79)				(79)
Employer contributions			(46)			(46)
Service cost		72				72
	<u>731</u>	<u>109</u>	<u>(46)</u>	<u>0</u>	<u>0</u>	<u>794</u>
Deficit on the provision of Service	<u>0</u>	<u>109</u>	<u>(46)</u>	<u>0</u>	<u>0</u>	<u>63</u>

7. MEMBERS ALLOWANCES

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

	2014/15 £000	2015/16 £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 2015/16 financial year for external audit services undertaken in accordance with the Code of Audit Practice is £9,961 (2014/15 £9,860). During 2015/16 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. 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 which 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 pension's 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 2014/15	Local Government Pension Scheme £000 2015/16
Costs of Services		
Service Cost	72	83
Financial and Investment Income and Expenditure		
Net Interest on defined liability	37	14
Total Post Employment Benefit Charged to the surplus or Deficit on the Provision of Services	<u>109</u>	<u>97</u>
Remeasurements	431	95
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	<u>540</u>	<u>192</u>
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	(63)	(53)
Employers contributions payable to scheme	46	44

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 2014/15 £000	Funded liabilities Local Government Pension Scheme 2015/16 £000
Opening Balance at 1 April	2,508	2,304
Current Service Costs	72	83
Interest Cost	116	76
Contributions by scheme participants	20	20
Change in assumptions	(412)	(175)
Closing balance at 31 March	2,304	2,308

	Assets 2014/15 £000	Assets 2015/16 £000
Opening Balance at 1 April	1,682	1,846
Interest on assets	79	62
Return on assets (less interest)	164	(79)
Other actuarial gains/(losses)	(144)	0
Employer contributions	46	44
Contributions by scheme participants	20	20
Administration Expenses	(1)	0
Closing balance at 31 March	1,846	1,893

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 gain/(loss) on scheme assets in the year was (£17,565) (2014/15: return of £243,130).

Scheme History

	2012/13 £	2013/14 £	2014/15 £	2015/16 £
Present Value of Liabilities				
Local Government scheme	(1,962,124)	(2,507,866)	(2,303,974)	(2,308,430)
Fair Value of Assets in Local Government Pension Scheme	1,503,207	1,682,062	1,846,170	1,892,580
Deficit of the Scheme	(458,917)	(825,804)	(457,804)	(415,850)

The liabilities show the underlying commitments that the Partnership has in the long term to pay post employment (retirement) benefits. The total liability of £415,850 has a substantial impact on the net worth of Tactran as recorded in the Balance Sheet, resulting in a negative overall balance of £424,000. 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 31 March 2016.

The principal assumptions used by the actuary have been:

Local Government Discretionary Benefits Pension Scheme

Expected Return	2012/13 6.1%	2013/14 7%	2014/15 14%	2015/16 (1%)
-----------------	------------------------	----------------------	-----------------------	------------------------

Mortality assumptions:

Longevity at 65 for current pensioners:

Retiring Today:	Males	20.6	21.0	21.2	21.3
	Females	22.9	23.3	23.2	23.3
Retiring in 20 Years:	Males	21.9	23.2	23.4	23.5
	Females	24.5	25.6	25.5	25.6
Rate of inflation		3.4%	3.7%	3.2%	3.3%
Rate of increase in salaries		4.8%	5.1%	4.2%	4.2%
Rate of increase in pensions		2.6%	2.9%	2.4%	2.4%
Rate for discounting scheme liabilities		4.7%	4.6%	3.3%	3.7%

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 2015	31 March 2016
Equities	71%	69%
Gilts	5%	5%
Other Bonds	13%	13%
Property	10%	12%
Cash	1%	1%
Total	<hr/> 100% <hr/>	<hr/> 100% <hr/>

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

The total contributions expected to be made to the Local Government Pension Scheme by the Partnership in the year to 31 March 2017 is £46,284.

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 2015/16, the Partnership entered into a number of transactions with the constituent Councils and these are detailed as follows:

2014/15			2015/16	
Income From £	Payments To £		Income From £	Payments To £
Angus Council				
(21,001)	0	Tactran Requisition	(22,218)	0
0	41,550	Third Party Payments	0	20,000
<u>(21,001)</u>	<u>41,550</u>		<u>(22,218)</u>	<u>20,000</u>
Dundee City Council				
(26,049)	0	Tactran Requisition	(27,557)	0
(9,543)	0	Other Income	0	0
0	8	Supplies and Services	0	3
0	38,963	Third Party Payments	0	49,926
<u>(35,592)</u>	<u>38,971</u>		<u>(27,557)</u>	<u>49,929</u>
Perth & Kinross Council				
(27,783)	0	Tactran Requisition	(29,388)	0
(100)	0	Interest Receivable	(83)	0
0	5,007	Supplies and Services	0	2,540
0	18,983	Third Party Payments	0	29,053
0	25,000	Central Support Services	0	25,000
0	5,685	Property Costs	0	5,700
0	3,829	Transport Costs	0	3,485
<u>(27,883)</u>	<u>58,504</u>		<u>(29,471)</u>	<u>65,778</u>
Stirling Council				
(16,869)	0	Tactran Requisition	(17,843)	0
(500)	0	Other Income	0	0
0	27,700	Third Party Payments	0	35,000
<u>(17,369)</u>	<u>27,700</u>		<u>(17,843)</u>	<u>35,000</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 Tactran and the Councils are subject to common control by Central Government. The following balances existed between the Partnership and its related parties as at 31 March 2016.

<i>2014/15</i>		2015/16
<i>Amount Due To/(From)</i>		Amount Due To/(From)
<i>Received In Advance</i>		Received In Advance
<i>From</i>		From
<i>£</i>		£
	Angus Council	
2,528	Tactran Requisition	3,905
<u>2,528</u>		<u>3,905</u>
	Dundee City Council	
3,135	Tactran Requisition	4,843
475	Supplies and Services	480
<u>3,610</u>		<u>5,323</u>
	Perth & Kinross Council	
(74)	Interest Receivable/(Payable)	(50)
3,345	Tactran Requisition	(2,635)
27,563	Staff Cost	26,102
12,604	Supplies and Services	1,878
<u>43,438</u>		<u>25,295</u>
	Stirling Council	
2,031	Tactran Requisition	3,138
0	Staff Cost	4,500
<u>2,031</u>		<u>7,638</u>

12. FINANCE AND OPERATING LEASES

Partnership as Lessee

The Partnership held no assets on finance lease during 2015/16 (2014/15: None) and accordingly there were no finance lease rentals paid to lessors during 2015/16 (2014/15: 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 which was renewed in November 2012. A further 6 year extension to the lease was agreed in November 2015 with an increase of annual rent from £12,000 to £13,490.

13. DEBTORS

<i>2014/15</i>		2015/16
<i>£000</i>		£000
	<u>Current (Due within 1 year)</u>	
20	Central Government	22
4	Dundee City Council	0
0	Perth and Kinross Council	8
1	Other Entities and Individuals	2
<u>25</u>		<u>32</u>

14. CREDITORS

2014/15 £ 000		2015/16 £000
3	Angus Council	3
4	Dundee City Council	5
43	Perth and Kinross Council	32
2	Stirling Council	7
61	Other Entities and Individuals	39
<u>113</u>		<u>86</u>

15. GRANT INCOME

The Partnership received the following grants and contributions in 2015/16:

	2014/15 £000	2015/16 £000
Scottish Government	523	523
Constituent Authorities	92	97
	<u>615</u>	<u>620</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 2015		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Cash	80	80	46	46
	<u>80</u>	<u>80</u>	<u>46</u>	<u>46</u>

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;
- 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 Royal Bank of Scotland 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 2016 £000	Historical experience of default %	Historical experience adjusted for market conditions as at 31 March 2016 %	Estimated maximum exposure to default and uncollectability £000
Deposits with banks and other financial institutions	46	0	0	0
Customers	32	0	0	0
Total	78	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 2016 £000
Less than three months	32
Total	<u>32</u>

Liquidity Risk

The Partnership has deposits with both The Royal Bank of Scotland 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 Annual Accounts were authorised for issue on the 14 June 2016.