

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP**18 JUNE 2019****DRAFT UNAUDITED ANNUAL ACCOUNTS FOR 2018/19****JOINT REPORT BY DIRECTOR AND TREASURER**

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| This report presents the Draft Unaudited Annual Accounts for 2018/19. |
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1 RECOMMENDATIONS

1.1 The Partnership is asked to:

- (i) approve the contents of the Draft Unaudited Annual Accounts for 2018/19; and
- (ii) authorise the Treasurer to sign the Annual Accounts for submission to the Controller of Audit by 30 June 2019.

2 BACKGROUND

2.1 Regional Transport Partnerships are required to submit their Unaudited Annual Accounts for 2018/19 to the Controller of Audit by 30 June 2019, with Audited Annual Accounts to be submitted by 30 September 2019.

3 DISCUSSION

3.1 Following approval by the Partnership, the Unaudited Annual Accounts for 2018/19 will be signed and submitted to the Controller of Audit and the External Auditors, KPMG by 30 June 2019.

3.2 The Unaudited Annual Accounts will then be available for public inspection between 1 July and 19 July 2019 (inclusive) with any objections being sent to the external auditors.

3.3 It is anticipated that the audit of the Annual Accounts for 2018/19 by KPMG will be undertaken in July 2019.

3.4 It is further anticipated that External Audit's Report on the 2018/19 audit will be discussed at the meeting of the Partnership on 17 September 2019.

3.5 The Unaudited Accounts are attached at Appendix 1 to this report. As in previous years the Partnership's Balance Sheet as at 31 March 2019, was in a net liability position, due largely to the requirements of IAS 19 (retirement benefits). IAS 19 requires the full pension obligations to be recognised in the year they are earned. As reported in previous financial years, this technical accounting requirement has no

impact on the underlying basis for meeting current and on-going pension liabilities which will be met, as they fall due, by contributions from constituent authorities. 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 and, therefore, external audit opinion has been that Tactran's actions in this regard are reasonable.

4 CONSULTATIONS

4.1 There has been no consultation in the preparation of this report.

5 RESOURCE IMPLICATIONS

5.1 There are no direct resource implications arising from this report.

6 EQUALITIES IMPLICATIONS

6.1 This report has been screened for any policy implications in respect of Equality Impact Assessment and no major issues have been identified.

Tom Flanagan
Director

Scott Walker
Treasurer

Report prepared by Scott Walker. For further information contact email swwalker@pkc.gov.uk or telephone 01738 475515.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing this Report.



**TAYSIDE AND CENTRAL SCOTLAND
TRANSPORT PARTNERSHIP**

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019**

UNAUDITED

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP
ANNUAL ACCOUNTS 2018/19

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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 (RTP) 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 the statutory Regional Transport Strategy and to oversee and contribute to effective strategic transport planning and delivery at a regional level.

The original Regional Transport Strategy 2008 – 2023, approved by Scottish Ministers in June 2008, set 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 given in 2008 the Regional Transport Strategy (RTS) is a “high level” strategy.

During 2015/16 the Partnership completed a refresh of the RTS following extensive consultation with partner Councils, Community Planning partners, Development Planning Authorities and other key stakeholders. This process included alignment of the RTS2 planning timescale with that for the second TAYplan Strategic Development Plan, which covers much of the Tactran region. The Regional Transport Strategy 2015 – 2036 Refresh was approved by Ministers in July 2015.

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

Following approval of the RTS 2015 – 2036 Refresh a comprehensive review and updating of the RTS Delivery Plan was completed during 2016/17. This involved a process of engagement and consultations with partner Councils and other key stakeholders. The review of the Delivery Plan incorporated revised and new national, regional and local policies and strategies and included alignment with, and embedding of, priority interventions identified within all relevant national and local strategies including Single Outcome Agreements, Strategic Development Plan and Local Development Plan Action Programmes. The updated RTS Delivery Plan 2016-2021 was approved in June 2016.

RTPs are statutory Community Planning agencies and partners. The Partnership was a formal signatory to the 4 Single Outcome Agreements (SOAs) for the Angus, Dundee City, Perth & Kinross and Stirling Community Planning Partnership areas which pre-dated the Community Empowerment (Scotland) Act 2015. During 2017/18 the Partnership contributed proactively to the development of the new Local Outcomes Improvement Plans (LOIPs) which have replaced the previous SOAs under the 2015 Act. At its meeting on 12 December 2017 the Partnership endorsed the 4 partner Council area LOIPs. In formally endorsing the LOIPs the Partnership also agreed, in principle, to contribute to Participatory Budgeting in each CPP area, subject to further consideration of the detailed resource implications.

As outlined above, RTS Refresh policies were comprehensively mapped and aligned to support SOA priorities alongside related SOA Action Plans and the updated RTS Delivery Plan was aligned with the emerging LOIP priorities. This was to ensure that the Partnership's own activity and delivery priorities moving forward continue to support and contribute to achievement of defined National and Local Outcomes, including those relating to inclusive, sustainable economic growth.

Regional 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, the Cairngorms National Park and the Loch Lomond and the Trossachs National Park) to ensure effective and appropriate 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 environmental, health and wellbeing objectives and targets through more sustainable approaches to travel, transport, mobility and connectivity. From November 2015 the Partnership, along with other specified public bodies, has been required to comply with statutory annual Public Sector Climate Change Reporting requirements. At its meeting on 13 September 2016 the Partnership approved a Climate Change Adaptation Policy Statement in support of its Public Sector Climate Change reporting duty.

The Partnership’s second mandatory Public Sector Climate Change Report for 2016/17, incorporating revisions to address further feedback received from SSN (Sustainable Scotland Network) on the 2015/16 Report, was submitted in November 2017. For that year, SSN has provided one consolidated feedback document for all organisations’ 2016/17 reports highlighting general areas for improvement in climate change reports covering all parts of the submission. The feedback, where applicable to Tactran, was appropriately incorporated into improving our reporting and the Climate Change Report for 2017/18 was submitted to SSN on 30 November 2018.

The Equalities Act 2010 sets out a General Equality Duty and requires specified public bodies, including RTPs, to publish and periodically update and report on progress in meeting equalities duties and obligations under the 2010 Act and related Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. Public bodies are required to publish 2-yearly a Mainstreaming Report, which sets out progress the authority has made to make the Equality Duty integral to the exercise of all its functions, and an Equality Outcomes Report setting out the results the authority aims to achieve in order to further the elimination of discrimination, the advancement of equality of opportunity and/or the fostering of good relations. The Partnership submitted its updated Mainstreaming Report and Equality Outcomes Report in April 2019.

Review of 2018/19 Developments and Achievements

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

During 2018/19 the approved RTS Revenue Programme, amounting to £295,184 was supplemented by external grant income to provide a total resource of £511,339 to support a wide range of regional, local and national priorities including:-

- Ongoing development, monitoring and refresh of the RTS - £16,019
- Promoting enhancements to Strategic Connectivity, including development of options and requirements for a Regional Transport Model - £208,665
- Promoting and addressing relationships between Health and Transport, including exploring the potential for more sustainable approaches to NHS staff travel and continued contribution towards the costs of the Safe Drive Stay Alive road safety campaign in all 4 partner Council/CPP areas - £25,113
- Promotion and development of Active Travel opportunities, infrastructure and training, including funding the continued appointment of an embedded Regional Active Travel Officer in partnership with Sustrans; appointment of a Regional Cycle Training & Development Officer in partnership with Cycling Scotland; undertaking a programme of Active Travel Audits in key settlements in the region; and contribution to annual cycle campaigns and promotions - £126,865

- Maintenance and development of the regional Tactran Liftshare website, national Travelknowhow Scotland and other Travel Planning resources, including funding organisations to develop and promote Travel Plan measures and initiatives through the Sustainable Travel Grant scheme in support of Climate Change Act objectives - £40,175
- Maintenance and promotion of the Thistle Assistance Card scheme on bus services and funding specification of a new Real Time Passenger Information system covering bus services in the Angus, Dundee City and Perth & Kinross Council areas - £25,735
- Undertaking rail passenger surveys at stations to support the development of a Regional Transport Model and assist in informing other rail proposals/projects including the Revolution in Rail proposals for significant enhancement to the ScotRail network, Highland Main Line timetable improvements, and the Perth Station Masterplan - £35,440
- Contribution towards the Stirling & Tayside Timber Transport Group's continued appointment of a Timber Transport Officer and Seminar on safe winter driving for the freight industry with the Scottish Business Resilience Centre - £2,995
- Maintenance and ongoing development of the Tactran website and the regional multi-modal travel information portal www.GoToo.com - £10,332
- Development of Regional Electric Vehicle Strategy to support the reduction in transport carbon emissions - £20,000.

In addition to the above projects, the Active Travel partnership entered into with Sustrans secured a further annual funding allocation of at least £100,000 per annum from the national Community Links programme to support the development and provision of Active Travel infrastructure across the region. 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. Owing to the success of the scheme in previous years an increased allocation of £233,438 of Community Links grant funding was secured in 2018/19.

During 2018/19 the Active Travel Grant scheme supported:-

- PKC – Expansion of Green Routes - £15,500
- PKC – Carse of Gowrie Cycle and Ride – £20,000
- PKCT – Auchterarder to Muthill Path – £50,188
- PKC – Perth Cycle Network Digital Community Engagement Platform - £24,800
- NHS Tayside – Ninewells Hospital Active Travel Infrastructure - £36,000
- DCC – Arbroath Road at Dawson Park Cycle Way - £85,950

A significant and increasing proportion of Tactran staff time and resource is committed to supporting general Community Planning engagement and development in all four partner Council areas. In addition, work continued on aligning the RTS Delivery Plan with emerging Community Planning Action Plans/Programmes particularly via Locality Plans.

The Partnership also continued to work with and support Development Planning Authorities, including supporting and commenting on the ongoing review and updating of Strategic and Local Development Plans. The Partnership Board receives regular reports on 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.

During 2018/19 the Partnership responded formally to a number of Development Planning and other relevant consultations:-

- Cairngorms National Park Local Development Plan 2020 Proposed Plan;
- Stirling Council Supplementary Guidance on Developer Contributions;
- Perth & Kinross Council Supplementary Guidance documents; and
- Dundee Western Gateway - Draft Development Framework.

Work continued on supporting the development of a City Deal for the Tay Cities region, covering Angus, Dundee, Perth & Kinross and North East Fife. A City Deal has also been developed for Stirling and Clackmannanshire. The emerging City Deals represent a significant new focus and

opportunity to bring forward delivery of a number of key strategic connectivity priorities identified within the RTS and RTS Delivery Plan, in support of achieving the sustainable economic growth aspirations identified within City Deals and Regional Economic Strategies.

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. STRATEGIC DEVELOPMENTS

In publishing its Programme for Government in September 2018 the Scottish Government reaffirmed its commitment to reviewing the National Transport Strategy followed by a full review and updating of the STPR, and to implement a Transport Bill which will include measures to improve bus services, better regulate road works, promote responsible parking and advance Low Emissions Zones.

The reviews of the NTS and STPR are being undertaken over a period extending into 2019/20 and are expected to be progressed in alignment with a new Planning Act and updating of the National Planning Framework (NPF4). The NTS review includes a review of future transport governance roles, responsibilities and arrangements. Inputting to and influencing these major policy developments over the next few years will be a key priority for the Partnership during 2019/20 and beyond.

The Partnership has made great strides in collating resources to support implementation of the RTS Delivery Plan in 2018/19. In 2018/19 Tactran was proactive in support of the two City Region Deals covering the Tactran area: the Stirling/Clackmannanshire and Tay Cities Region Deals. Tactran led the Connected Tay theme and supported the development of strategic outline business cases. It also provided technical and financial support for the Tay Cities Regional Transport Model. Similarly, officers have been supporting project development in the Stirling/Clacks City Deal and the Partnership offered financial support for the evolution of projects up to 'Case for Change' stage. That support will continue in 2019/20 as both City Deals look to publish their Implementation Plans.

Tactran has been the coordinating body for the Tay Cities Aviation Study and continues to work with HIAL and the Dundee Airport Consultative Committee to support improved air connectivity and facilities at Dundee Airport. The Study will report in June 2019 and provide the foundation for a response to the Aviation 2050 green paper.

The Partnership has supported Transport Scotland in the development of the Regional Transport Working Groups (RTWGs) that will provide the medium for consultation on the Strategic Transport Projects Review (STPR2) proposals to improve strategic road and rail network connectivity nationally and regionally. This support will continue through 2019/20 with stakeholder consultation events planned in early summer and an opportunity for Board members to review the proposed interventions and associated investment plans in the autumn.

Due to the success of the Partnership in drawing in external funding through successful funding bids amounting to c£500,000, the resources available to support the implementation of the RTS Delivery Plan in 2018/19 was unprecedented and is likely to be at the same level, in 2019/20 work to support Active Travel; Health & Transport and Travel Planning will continue. In particular, we will retain our strategic alliance with Sustrans and continue to develop the strategic alliance with Cycling Scotland. With the heightened importance of Active Travel as a key component of sustainable transport, delivering on the programme of Active Travel Audits across 13 settlement locations will be a priority.

The Partnership and its officers continued to engage proactively in the development of transport and other related policy nationally, regionally and locally. Consultations and publications responded to and commented on during 2018/19 included:-

- The Scottish Government issued 'Climate Ready Scotland: Scottish Climate Change Adaptation Programme 2019-2024: A Consultation Draft';

- The newly installed Infrastructure Commission for Scotland issued an ‘Initial Call for Evidence and Contributions’ requesting responses by 3 May 2019;
- On 17 December 2018, Department of Transport issued consultation on ‘Aviation 2050 – the future of aviation’, requesting responses by 20 June 2019;
- Transport Scotland issued a consultation on a Transportation Noise Action Plan, the Transportation Noise Action Plan covers those areas not covered by the Draft Noise Action Plans for the four largest agglomerations (including Dundee);
- The Office of Road and Rail (ORR) issued a consultation on ‘Improving Assisted Travel – A consultation on changes to guidance for train and station operators on Disabled People’s Protection Policy’;
- Perth & Kinross Council undertook consultation on a draft Crieff Air Quality Action Plan (AQAP);
- Strathclyde Partnership for Transport commenced a review of their Regional Transport Strategy.

Tactran continues to collaborate and coordinate with the other RTPs on strategic policy development and delivery at a regional and national level through participation in the RTP Chairs Forum and the RTP Lead Officers Group.

The Partnership’s officers continue to contribute to national policy and professional development through active engagement in the following professional bodies and associations:-

- Society of Chief Officers of Transportation in Scotland (SCOTS)
- Association of Transport Coordinating Officers (ATCO)
- ACT Travelwise

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. The last review took place at the March 2019 Board meeting. This review took into account any new or altered risks identified during the previous financial year and looking forward into the 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, Government and EU programmes, other RTPs and transport agencies and providers.

Since 2014/15 Tactran has partnered with sustainable transport charity Sustrans, which secures additional funding of at least £100,000 per annum, to support implementation of the RTS. A further minimum allocation of £100,000 grant funding for 2019/20 has been confirmed. During 2018/19 Tactran submitted a successful proposal for development of a Regional Active Travel Development Fund to support the development of projects and measures capable of leveraging in delivery funding through the national Community Links, Smarter Choices Smarter Places and other relevant funding sources.

As outlined above, new delivery opportunities are emerging in the form of City Deals covering the Tay Cities region (Angus, Dundee City, Perth & Kinross and North East Fife) and Stirling City region (Stirling and Clackmannanshire). Moving forward it is expected that both City Deals will

provide a new focus and opportunity to lever national, regional and local funding for the delivery of key Strategic Connectivity and other elements of the RTS, with Tactran positioned to play a key role in supporting the development and implementation of both City Deals and related connectivity proposals. In supporting the delivery of the City Deal programmes, Tactran will support the risk management procedures adopted by the respective Joint Committees.

4. 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 2019. 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 27 March 2018, the Tayside and Central Scotland Transport Partnership Board approved the Draft 2018/19 Core Revenue Budget of £463,298 of which £358,048 was met by Grant in Aid funding from the Scottish Government, miscellaneous other income of £2,230, and £103,020 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 Grant in Aid revenue funding for financial year 2018/19 for the Regional Transport Strategy (RTS) was £164,702.

At its meeting on 26 June 2018 the Tayside and Central Scotland Transport Partnership Board approved the final accounts for 2017/18. The total income carry forward for 2018/19 was confirmed as £133,892, of which £3,410 was allocated to supplement the Core budget. The remaining £130,482 was allocated to the RTS budget to fund key priorities, resulting in a total 2018/19 Regional Transport Strategy budget of £295,184.

This resulted in a gross revenue budget for 2018/19 of £761,892.

During 2018/19, the Partnership Board received regular revenue monitoring reports to ensure members were fully appraised of the projected outturn position.

The Partnership's final position for 2018/19 excluding accounting adjustments relating to pensions (£48,521) was a surplus of £28,974. Following Partnership Board approval this surplus has been designated as deferred income and carried forward to 2019/20.

| | Budget £'000 | Actual £'000 | Variance £'000 |
|---------------------------|-------------------------|-------------------------|---------------------------|
| Employee Costs | 383 | 387 | 4 |
| Property Costs | 20 | 19 | (1) |
| Supplies & Services | 15 | 16 | 1 |
| Transport | 5 | 7 | 2 |
| Third Party | 339 | 789 | 450 |
| Total Expenditure | 762 | 1,218 | 454 |
| Scottish Government Grant | 523 | 573 | 50 |
| Council Requisitions | 103 | 103 | 0 |
| Deferred Income | 134 | 105 | (29) |
| Other Income | 2 | 437 | 435 |
| Total Income | 762 | 1,218 | 454 |

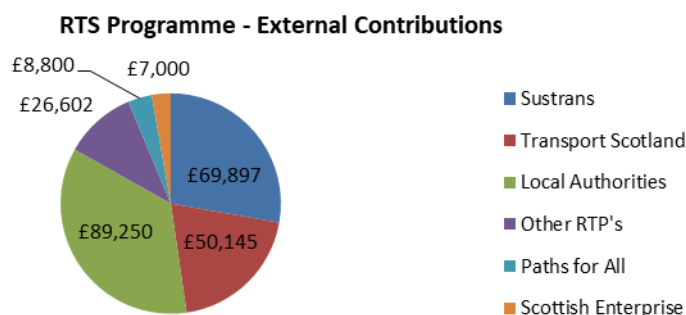
The table above summarises the 2018/19 Budget approved by the Partnership Board, and provides the actual income and expenditure for the year ended 31 March 2019. The net £28,974 underspend comprises a £6,565 overspend on the Core Revenue Budget, mainly due to staff costs following confirmation of the pay settlement, and underspend of £35,539 on projects within the Regional Transport Strategy programme.

The overspend on third party costs of £450,000 is due to expenditure related to the additional funding received during 2018/19 for Active Travel Grants and Regional Transport Strategy (RTS) projects.

The increase in the Scottish Government Grant of £50,000 relates to the income received from Transport Scotland for the national Travelknowhow Maintenance and Promotion project (£23,075); and Cyber Resilience for the Travel Planning project included within the RTS programme (£1,300). Transport Scotland also provided Local Rail Development Funding for the Stirling South Park & Ride study (£11,970) and Bridge of Earn transport appraisal (£13,800).

The £435,000 variance in Other Income includes additional £233,438 grant from Sustrans for Active Travel Grants; and there are a number of other contributions totalling £201,549 towards projects included within the RTS programme.

The total £251,694 external funding towards projects within the RTS Programme is summarised below:-



A summary of additional income and total expenditure for the Regional Transport Strategy and Active Travel Grant is provided below and further information is provided within the Review of 2018/19 Developments and Achievements:-

| Regional Transport Strategy | Budget | Income | Gross Budget | Actual Expenditure | Variance to Budget | Variance to Gross Budget |
|-----------------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------------|
| Development of RTS | £ 15,000 | £ - | £ 15,000 | £ 16,019 | £ 1,019 | £ 1,019 |
| Strategic Connectivity | £110,000 | £106,250 | £ 216,250 | £ 208,665 | £ 98,665 | -£ 7,585 |
| Health & Transport | £ 18,000 | £ 8,800 | £ 26,800 | £ 25,113 | £ 7,113 | -£ 1,687 |
| Active Travel | £ 60,000 | £ 69,897 | £ 129,897 | £ 126,865 | £ 66,865 | -£ 3,032 |
| Travel Planning | £ 23,150 | £ 24,375 | £ 47,525 | £ 40,175 | £ 17,025 | -£ 7,350 |
| Buses Strategy | £ 11,500 | £ 15,182 | £ 26,682 | £ 25,735 | £ 14,235 | -£ 947 |
| Rail | £ 15,000 | £ 27,190 | £ 42,190 | £ 35,440 | £ 20,440 | -£ 6,750 |
| Freight | £ 8,000 | £ - | £ 8,000 | £ 2,995 | -£ 5,005 | -£ 5,005 |
| Travel Information | £ 12,000 | £ - | £ 12,000 | £ 10,332 | -£ 1,668 | -£ 1,668 |
| Climate Change | £ 20,000 | £ - | £ 20,000 | £ 20,000 | £ - | £ - |
| Contingency | £ 2,534 | £ - | £ 2,534 | £ - | -£ 2,534 | -£ 2,534 |
| | £ 295,184 | £ 251,694 | £ 546,878 | £ 511,339 | £ 216,155 | -£ 35,539 |

| | | | | | | |
|----------------------------|------------|------------------|------------------|------------------|------------------|------------|
| Active Travel Grant | £ - | £ 233,438 | £ 233,438 | £ 233,438 | £ 233,438 | £ - |
|----------------------------|------------|------------------|------------------|------------------|------------------|------------|

| | | | | | | |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total | £ 295,184 | £ 485,132 | £ 780,316 | £ 744,777 | £ 449,593 | -£ 35,539 |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|

As a result of the additional income for Active Travel Grants and the RTS programme, the Partnership did not require the full requisitions due from the four constituent authorities. At the Partnership meeting of 18 December 2018 it was agreed that the final year end underspend would be used by the Partnership to support the 2019/20 Core and RTS Revenue Budgets. The final amount of deferred income carried forward to 2019/20 is £28,974.

The total deficit on the Comprehensive Income and Expenditure Statement was £48,000 which reflects, International Accounting Standard 19 (Retirement Benefits) ("IAS 19"), the entries required in respect of pension costs and accumulated absences.

5. 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.

6. STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

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

7. GENERAL FUND

Currently 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. During 2017/18 the Scottish Government consulted on Financial Accounting Arrangements for Regional Transport Partnerships and has indicated an intention to afford RTPs the same flexibility in this regard as other public sector bodies. This was addressed through incorporation in the Transport (Scotland) Bill published in June 2018 which is currently at Stage 1 debate.

8. CAPITAL EXPENDITURE

During 2018/19, the Partnership did not incur any direct capital expenditure.

9. 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 £216,000 as at 31 March 2019. The estimated net pension liability at 31 March 2018 was £168,000.

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 2019.

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 2017 resulting in the employer's contributions remaining at 17% of pensionable pay from 1 April 2019.

10. GOING CONCERN

The Balance Sheet at 31 March 2019 shows net liabilities of £222,000. This net liability position reflects the inclusion of net pension liabilities of £216,000 falling due in future years and arising from the application of IAS 19 (Retirement Benefits) and £6,000 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.

11. PRIOR PERIOD ADJUSTMENTS

There are no prior period adjustments.

12. 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 2018/19 Annual Accounts.

13. 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.

14. 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 8: Members Allowances.

15. ACKNOWLEDGEMENTS

During the 2018/19 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 & Kinross Council in the financial management of the Partnership and in the preparation of the 2018/19 Annual Accounts.

**Chair of Partnership Board
Tactran**

17 September 2019

**Scott Walker
Treasurer
Tactran**

17 September 2019

**Tom Flanagan
Partnership Director
Tactran**

17 September 2019

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MEMBERS AND OFFICIALS 2018/19

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 develop and enhance 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 2018/19 was:-

Councillor Members

Angus Council

Councillor Bill Duff
Councillor Ronnie Proctor

Dundee City Council

Councillor Will Dawson
Councillor Brian Gordon (Chair to February 2019)
Councillor Lynne Short

Perth & Kinross Council

Councillor Alasdair Bailey
Councillor David Illingworth
Councillor Andrew Parrott

Stirling Council

Councillor Danny Gibson
Councillor Jim Thomson

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 2018/19 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 in December 2014. She has extensive experience working as a leading transport lawyer in Scotland and advising on the development, planning and implementation of a number of major road, rail and general transport strategies and projects.

Mr Gavin Roser – Gavin was appointed to the Partnership Board in March 2007. He has over 40 years' senior transport experience in road, rail and shipping companies and is a Director of Pantrak Transportation Limited and Secretary General to the European Freight and Logistics Leaders Forum. Gavin resigned from the role with effect from 30 September 2018.

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

Mr Bob Benson – Bob was appointed to the Partnership Board in November 2017. Bob has extensive public appointments experience and during his time with the Mobility and Access Committee for Scotland (MACS) and Scottish Fire and Rescue Service and in other capacities he has advised on and contributed significantly to addressing the needs of disabled and other users within the transport and connectivity sectors.

Non-Councillor member appointments are ordinarily for a period of 2 years, with extension subject to agreement by the Partnership Board. During 2018/19 the Partnership agreed to extend the term of appointment of Trudi Craggs and David Scotney until 30 September 2020.

Advisors

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

Key officials from each of the partner Councils attend and are available to advise Partnership Board meetings. Reflecting the key strategic relationships between regional transportation and land use planning, the Board has appointed the TAYplan Strategic Development Plan Manager as an advisor to the Partnership. Complementing the Active Travel partnership with Sustrans the Infrastructure Partnership Manager, Sustrans, has also been appointed as an advisor.

PARTNERSHIP STAFF

Partnership Director

Eric Guthrie was appointed Partnership Director in July 2006. Eric had nearly 40 years' experience working in local authority transportation policy, planning and delivery and previous experience of working in the bus industry. Eric retired from this post in June 2018 and was succeeded by Tom Flanagan.

Tom Flanagan was appointed Partnership Director in July 2018. Tom holds a Doctorate in Civil Engineering, specialising in Traffic & Transportation, and has accumulated extensive experience directing and working within local authority departments for economic development, planning and environment services. As the Partnership's Chief Officer, Tom is responsible for ensuring that the Partnership meets all of its statutory obligations and duties and for managing the Partnership and its resources.

Senior Partnership Manager

Niall Gardiner was appointed as Projects Manager in October 2007. Niall has 30 years' experience working in transportation planning and engineering. Niall was promoted to the position of Senior Partnership Manager as part of a staff re-structuring in July 2016. Niall is responsible for managing the development and implementation of Regional Transport Strategy delivery programmes, in liaison with partner Councils, Community Planning Partnerships, Development Planning Authorities and other delivery stakeholders.

Senior Strategy Officer

Jonathan Padmore took up the post of Senior Strategy Officer in January 2018. Jonathan joined from Stirling Council and has 25 years' experience working in transport planning roles for Stirling Council, St. Helen's and Sefton Metropolitan Borough Council's in Merseyside, Norfolk County Council and Aberdeen City Council.

Strategy Officer (Strategic Connectivity)

Niall Moran joined Tactran in December 2017 from Perth & Kinross Council where he was a Transport Planning Officer within the Council's Strategy and Policy team. Niall has also worked for the Council's Public Transport Unit that coordinates and manages the local bus network and home to school transport services.

Strategy Officer (Sustainable Transport)

Graeme Brown started in the post of Strategy Officer for Sustainable Transport in January 2018. Graeme joined the team after a short period with the National Entitlement Card Programme helping develop smart and integrated ticketing initiatives. Graeme previously held the position as the Partnerships Manager for Sustrans helping develop active travel programmes and projects across Scotland.

Cycle Training & Development Officer

Under the partnership arrangement with Cycling Scotland, Marianne Scott was appointed Cycle Training & Development Officer in June 2016. Marianne is responsible for supporting the promotion and development of cycle training to encourage people of all ages, from nursery/primary school age through to adulthood, to cycle more easily and safely, in accordance with RTS and national active travel aims and objectives.

Office Manager / Personal Assistant (PA) to Director

Ashley Roger was appointed Office Manager / Personal Assistant to the Director in January 2007. Ashley has over 20 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. Muriel 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. Gillian stood down from this role on 30 September 2018.

Scott Hendry was appointed as successor with effect from 1 October 2018. Scott is the Team Leader within Committee Services for Perth & Kinross Council and takes over the position of Proper Officer above.

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

Lisa Simpson is Head of Legal and Governance 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'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 2018/19

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, 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 the last review taking place in November 2016 and approved by the Partnership Board on 6 December 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, processes, 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 2018/19.

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

From this year's review there is evidence that the governance arrangements are operating effectively with overall compliance by the Partnership in all significant areas of corporate governance.

**Chair of Partnership Board
Tactran**

17 September 2019

**Tom Flanagan
Partnership Director
Tactran**

17 September 2019

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 2019.

**Chair of Partnership Board
Tactran**

17 September 2019

**Scott Walker CPFA
Treasurer
Tactran**

17 September 2019

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MOVEMENT IN RESERVES STATEMENT

For the year ended 31 March 2019

| | General Fund Balance | Total Usable Reserves | Accumulated Absences Unusable Reserves (see Note 6) | Pensions Reserve Unusable Reserves (see Note 6) | Total Tactran Reserves |
|---------------------------------------------------------------------------------|----------------------------|--------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 31 March 2017 | 0 | 0 | (8) | (669) | (677) |
| <u>Movement in reserves during 2017/18</u> | | | | | |
| Deficit on provision of services | (52) | (52) | 0 | 0 | (52) |
| Other Comprehensive Expenditure and Income | 0 | 0 | 0 | 555 | 555 |
| Total Comprehensive Expenditure and Income | (52) | (52) | 0 | 555 | 503 |
| Adjustments between accounting basis & funding basis under regulations (note 4) | 52 | 52 | 2 | (54) | 0 |
| Decrease in 2017/18 | 0 | 0 | 2 | 501 | 503 |
| Balance at 31 March 2018 carried forward | 0 | 0 | (6) | (168) | (174) |
| <u>Movement in reserves during 2018/19</u> | | | | | |
| Deficit on provision of services | (49) | (49) | 0 | 0 | (49) |
| Other Comprehensive Expenditure and Income | 0 | 0 | 0 | 1 | 1 |
| Total Comprehensive Expenditure and Income | (49) | (49) | 0 | 1 | (48) |
| Adjustments between accounting basis & funding basis under regulations (note 3) | 49 | 49 | 0 | (49) | 0 |
| Increase in 2018/19 | 0 | 0 | 0 | (48) | (48) |
| Balance at 31 March 2019 carried forward | 0 | 0 | (6) | (216) | (222) |

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the year ending 31 March 2019

| 2017/18 | | | 2018/19 | | | |
|---------------------------------------------------|-----------------------------------|---------------------------------------------|-------------|--------------------------------|-----------------------------------|--------------------------------------------|
| <i>Gross Exp £'000</i> | <i>Gross Income £'000</i> | <i>Net (Income) / Exp £'000</i> | Note | Gross Exp £'000 | Gross Income £'000 | Net (Income) /Exp £'000 |
| SERVICES | | | | | | |
| 716 | (689) | 27 | | 1,218 | (1,010) | 208 |
| 47 | 0 | 47 | | 45 | 0 | 45 |
| COST OF SERVICES | | | | | | |
| 763 | (689) | 74 | | 1,263 | (1,010) | 253 |
| 18 | 0 | 18 | 10 | 4 | 0 | 4 |
| 0 | (40) | (40) | | 0 | (208) | (208) |
| 18 | (40) | (22) | | 4 | (208) | (204) |
| | | 52 | | | | 49 |
| | | (555) | | | | (1) |
| | | (503) | | | | 48 |
| TOTAL COMPREHENSIVE INCOME AND EXPENDITURE | | | | | | |

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

BALANCE SHEET

Year Ending 31 March 2019

| <i>As at</i> 31 March 2018 £'000 £'000 | | Notes | As at 31 March 2019 £'000 £'000 |
|-------------------------------------------------|---------------------------------------------------------|--------------|-------------------------------------------------|
| 40 | Short Term Debtors | 14 | 108 |
| <u>145</u> | Cash and Cash Equivalents | 17 | <u>14</u> |
| 185 | Current Assets | | 122 |
| <u>(191)</u> | Short Term Creditors | 15 | <u>(128)</u> |
| (191) | Current Liabilities | | (128) |
| (168) | Other Long Term Liabilities | 10 | (216) |
| <u>(174)</u> | Net Liabilities | | <u>(222)</u> |
| | Financed by Fund Balances and Unusable Reserves: | | |
| (168) | Pensions Reserve | 6 | (216) |
| (6) | Accumulated Absence | 6 | (6) |
| <u>(174)</u> | | | <u>(222)</u> |

The Unaudited Annual Accounts were issued on the 18 June 2019.

Scott Walker CPFA
Treasurer
Tactran
18 June 2019

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

CASH FLOW STATEMENT

Year Ending 31 March 2019

| 2017/18 £'000 | | Notes | 2018/19 £'000 |
|------------------|----------------------------------------------------------------------------------|-------|------------------|
| (52) | Net deficit on provision of service | | (49) |
| | Adjustments to net surplus on the provision of services for non-cash movements:- | | |
| 52 | Debtors decreased/(increased) by | | (68) |
| 67 | Creditors increased/(decreased) by | | (63) |
| 54 | Pension adjustments | | 49 |
| (2) | Employee accrual | | 0 |
| (119) | Net Increase/(decrease) in cash and cash equivalents | | (131) |
| 26 | Cash and cash equivalents at the beginning of the reporting period | | 145 |
| 145 | Cash and cash equivalents at the end of the reporting period | 7 | 14 |

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 8 to the financial statements.

(iii) Officers Remuneration

The Partnership has two Proper Officers who undertake tasks within their specialised areas, who earn in excess of £50,000 (Treasurer and Legal Adviser), however both 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 & 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 2017/18</i> | Salary Banding | Number of Employees 2018/19 |
|----------------------------------------|-----------------------|----------------------------------------|
| 1 | £65,000 - £69,999 | 1 |
| 0 | £55,000 - £59,999 | 1 |
| 1 | £50,000 - £54,999 | 0 |

(iv) Senior Employees Remuneration

| Name and Post Title | Salary, Fees and Allowance | Total Remuneration 2018/19 | Total Remuneration 2017/18 |
|-----------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
| Eric Guthrie Partnership Director | £16,987 | £16,987 | £67,494 |
| Tom Flanagan Partnership Director | £60,451 | £60,451 | <i>nil</i> |
| | £77,438 | £77,438 | £67,494 |

The senior employees in the above table had overall chief executive officer responsibility and accountability for the strategic direction and management of the Partnership, to the extent that the persons have powers and authority to direct and control the major activities of the Partnership, including activities involving the expenditure of money. The Partnership Director 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:

| Name and Post Title | In year pension contributions | | | Accrued pension benefits | | |
|----------------------------------------|-------------------------------|------------------|---------------------|------------------------------------|------------------------------------|-------------------------------------------------|
| | 2017/18 £'000 | 2018/19 £'000 | | As at 31 March 2018 £'000 | As at 31 March 2019 £'000 | Difference from 31 March 2018 £'000 |
| * Eric Guthrie Partnership Director | 11 | 3 | Pension Lump Sum | 3 0 | 0 0 | (3) 0 |
| Tom Flanagan Partnership Director | 0 | 10 | Pension Lump Sum | 0 0 | 1 0 | 1 0 |
| | 11 | 13 | | | | |

*The Partnership Board approved the flexible retirement of the Partnership Director with effect from 1 May 2016, and the subsequent deferral of full retirement from 31 March 2017 to 31 April 2018 in order to provide leadership and management continuity during the transition to a new Partnership Board. The Partnership Director retired during Financial Year 2018/19 and accrued pension benefits until full retirement on 30 June 2018.

(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.

Tom Flanagan
Partnership Director
Tactran
17 September 2019

Chair of Partnership Board
Tactran
17 September 2019

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 2018/19 and its position at 31 March 2019. 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 2017/18, 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, 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. From 1 April 2015 the scheme changed 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 6.

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 contain 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 2019 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 £93,347 (£59,119 for 2017/18).

However, the assumptions interact in complex ways. During 2018/19, the Partnership's actuaries advised that the net pension's liability had increased by £48,045 (2017/18 pension liability had reduced by £501,118) due to an updating of the assumptions.

3. ADJUSTMENTS BETWEEN ACCOUNTING AND FUNDING

| | 2017/18 £'000 | 2018/19 £'000 |
|---------------------------------------------------------|--------------------------------|--------------------------------|
| Pension adjustment | 54 | 49 |
| Re-measurement of net defined benefit liability/(asset) | (555) | (1) |
| Accumulated Absence | (2) | (0) |
| Total Adjustments | (503) | 48 |

4. EXPENDITURE AND FUNDING ANALYSIS – 2018/19

| Services | Gross expenditure £'000 | Adjustment between accounting & funding basis (note 3) £'000 | Gross income £'000 | Net income/ expenditure £'000 |
|----------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------|--------------------------|-------------------------------------|
| Highways & Transport Services | 1,173 | 45 | (1,010) | 208 |
| Corporate & Democratic Services | 45 | 0 | 0 | 45 |
| Cost of Services | 1,218 | 45 | (1,010) | 253 |
| Financing and Investment Income and Expenditure | 0 | 4 | 0 | 4 |
| Constituent Council Requisitions | 0 | 0 | (208) | (208) |
| (SURPLUS)/ DEFICIT ON PROVISION OF SERVICES | 1,218 | 49 | (1,218) | 49 |
| Remeasurements of the net defined benefit liability/(asset) | 0 | (1) | 0 | (1) |
| TOTAL COMPREHENSIVE INCOME AND EXPENDITURE | 1,218 | 48 | (1,218) | 48 |

EXPENDITURE AND FUNDING ANALYSIS – 2017/18

| Services | Gross expenditure £'000 | Adjustment between accounting & funding basis (note 3) £'000 | Gross income £'000 | Net income/ expenditure £'000 |
|----------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------|--------------------------|-------------------------------------|
| Highways & Transport Services | 682 | 34 | (689) | 27 |
| Corporate & Democratic Services | 47 | 0 | 0 | 47 |
| Cost of Services | 729 | 34 | (689) | 74 |
| Financing and Investment Income and Expenditure | 0 | 18 | 0 | 18 |
| Constituent Council Requisitions | 0 | 0 | (40) | (40) |
| (SURPLUS)/ DEFICIT ON PROVISION OF SERVICES | 729 | 52 | (729) | 52 |
| Remeasurements of the net defined benefit liability/(asset) | 0 | (555) | 0 | (555) |
| TOTAL COMPREHENSIVE INCOME AND EXPENDITURE | 729 | (503) | (729) | (503) |

5. 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>2017/18 £'000</i> | <i>2018/19 £'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 | (85) | (97) |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 31 | 48 |
| 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 | 2 | 0 |
| Total Adjustments | (52) | (49) |

6. BALANCE SHEET – UNUSABLE RESERVES

| <i>31 March 2018 £'000</i> | | <i>31 March 2019 £'000</i> |
|---------------------------------------|------------------------------------------------------|---------------------------------------|
| (168) | Pensions Reserve | (216) |
| (6) | Accumulating Compensated Absences Adjustment Account | (6) |
| (174) | Total Unusable Reserves | (222) |

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.

| 2017/18 | | 2018/19 |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| £'000 | | £'000 |
| (669) | Balance at 1 April | (168) |
| 555 | Other Comprehensive Income | 1 |
| (85) | 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) |
| 31 | Employer's pensions contributions and direct payments to pensioners payable in the year | 48 |
| (168) | Balance as at 31 March | (216) |

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.

| 2017/18 | | 2018/19 |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| £'000 | | £'000 |
| (8) | Balance at 1 April | (6) |
| 2 | 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 |
| (6) | Balance at 31 March | (6) |

7. CASH FLOW STATEMENT – CASH AND CASH EQUIVALENTS

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

| 31 March 2018 | | 31 March 2019 |
|----------------------|----------------------------|----------------------|
| £'000 | | £'000 |
| 145 | Bank current accounts | 14 |
| 145 | Balance at 31 March | 14 |

8. MEMBERS ALLOWANCES

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

| | 2017/18 £'000 | 2018/19 £'000 |
|----------|--------------------------------|--------------------------------|
| Expenses | 2 | 1 |
| | <hr/> 2 | <hr/> 1 |

9. EXTERNAL AUDIT COSTS

The external auditor of the Partnership is appointed by the Accounts Commission for Scotland for a period of 5 years. The total fee payable to KPMG LLP in respect of the 2018/19 financial year for external audit services undertaken in accordance with the Code of Audit Practice is £9,790 (2017/18 £9,818). During 2018/19 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.

10. PENSION SCHEMES

Participation in pension schemes

As part of the terms and conditions of employment of its officers Partnership 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 scheme providing benefits based on career average earnings. The Partnership 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 2017/18 | Local Government Pension Scheme £'000 2018/19 |
|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|
| Costs of Services | | |
| Service Cost | 67 | 93 |
| Financial and Investment Income and Expenditure | | |
| Net Interest on defined liability | 18 | 4 |
| Total Post Employment Benefit Charged to the surplus or Deficit on the Provision of Services | 85 | 97 |
| Remeasurements | 555 | 1 |
| Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | 640 | 96 |
| 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 | (52) | (49) |
| Employers contributions payable to scheme | 31 | 48 |

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 2017/18 £'000 | Funded liabilities Local Government Pension Scheme 2018/19 £'000 |
|-----------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Opening Balance at 1 April | 2,701 | 2,448 |
| Current Service Costs | 67 | 92 |
| Interest Cost | 72 | 62 |
| Contributions by scheme participants | 14 | 21 |
| Change in assumptions | (349) | 48 |
| Estimated benefits paid net of transfer | (57) | (71) |
| Closing balance at 31 March | 2,448 | 2,600 |
| | Assets | Assets |
| | 2017/18 £'000 | 2018/19 £'000 |
| Opening Balance at 1 April | 2,032 | 2,281 |
| Interest on assets | 55 | 58 |
| Return on assets (less interest) | 57 | 48 |
| Actuarial gains | 150 | 0 |
| Estimated benefits paid net of transfer | (57) | (71) |
| Employer contributions | 31 | 49 |
| Contributions by scheme participants | 14 | 21 |
| Administration Expenses | (1) | (1) |
| Closing balance at 31 March | 2,281 | 2,385 |

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 on scheme assets in the year was £106,745 (2017/18: gain of £111,396).

Scheme History

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---------------------------------------------------------|----------------|----------------|----------------|----------------|
| | £ | £ | £ | £ |
| Present Value of Liabilities | | | | |
| Local Government scheme | (2,308,430) | (2,701,267) | (2,448,476) | (2,600,258) |
| Fair Value of Assets in Local Government Pension Scheme | 1,892,580 | 2,032,294 | 2,280,621 | 2,384,358 |
| Deficit of the Scheme | (415,850) | (668,973) | (167,855) | (215,900) |

The liabilities show the underlying commitments that the Partnership has in the long term to pay post employment (retirement) benefits. The total liability of £215,900 has an impact on the net worth of Tactran as recorded in the Balance Sheet, resulting in a negative overall balance of £222,000. 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 2019.

The principal assumptions used by the actuary have been:

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-----------------------------------------|----------------|----------------|----------------|----------------|
| Expected Return | (1%) | 23% | 5% | 4% |
| Longevity at 65 for current pensioners: | | | | |
| Retiring Today: Males | 21.3 | 21.4 | 20.3 | 19.6 |
| Retiring Today: Females | 23.3 | 23.5 | 22.2 | 21.6 |
| Retiring in 20 Years: Males | 23.5 | 23.7 | 22.1 | 21.3 |
| Retiring in 20 Years: Females | 25.6 | 25.8 | 24.1 | 23.4 |
| Rate of inflation (RPI) | 3.3% | 3.6% | - | - |
| Rate of inflation (CPI) | 2.4% | 2.7% | 2.3% | 2.4% |
| Rate of increase in salaries | 4.2% | 3.7% | 3.3% | 3.4% |
| Rate of increase in pensions | 2.4% | 2.7% | 2.3% | 2.7% |
| Rate for discounting scheme liabilities | 3.7% | 2.7% | 2.5% | 2.4% |

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 2018 | 31 March 2019 |
|-------------|-------------------------|-------------------------|
| Equities | 69% | 70% |
| Gilts | 5% | 5% |
| Other Bonds | 12% | 11% |
| Property | 12% | 11% |
| Cash | 2% | 3% |
| Total | <hr/> <i>100%</i> <hr/> | <hr/> <i>100%</i> <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 2020 is £46,455.

11. TRANSACTIONS WITH RELATED PARTIES

The four constituent Councils are related parties of Tactran, in terms of the Accounting Code of Practice, as councillors from each authority area serve as Board members of the Partnership. During 2018/19, the Partnership entered into a number of transactions with the constituent Councils and these are detailed as follows:

| 2017/18 | | | 2018/19 | |
|------------------------------------|---------------------|--------------------------|---------------------|---------------------|
| Income From £ | Payments To £ | | Income From £ | Payments To £ |
| Angus Council | | | | |
| (9,060) | 0 | Tactran Requisition | (47,621) | 0 |
| 0 | 0 | Other Income | (23,500) | 0 |
| <u>(9,060)</u> | <u>0</u> | | <u>(71,121)</u> | <u>0</u> |
| Dundee City Council | | | | |
| (11,239) | 0 | Tactran Requisition | (59,061) | 0 |
| 0 | 0 | Other Income | (23,500) | 0 |
| 0 | 82,518 | Third Party Payments | 0 | 155,264 |
| <u>(11,239)</u> | <u>82,518</u> | | <u>(82,561)</u> | <u>155,264</u> |
| Perth & Kinross Council | | | | |
| (11,978) | 0 | Tactran Requisition | (63,000) | 0 |
| (219) | 0 | Interest Receivable | (219) | 0 |
| (2,230) | 0 | Other Income | (25,730) | 0 |
| 0 | 8,728 | Supplies and Services | 0 | 2,877 |
| 0 | 39,743 | Third Party Payments | 0 | 68,686 |
| 0 | 33,250 | Central Support Services | 0 | 33,250 |
| 0 | 65 | Property Costs | 0 | 72 |
| 0 | 2,151 | Transport Costs | 0 | 0 |
| <u>(14,427)</u> | <u>83,937</u> | | <u>(88,949)</u> | <u>104,885</u> |
| Stirling Council | | | | |
| (7,271) | 0 | Tactran Requisition | (38,255) | 0 |
| 0 | 40,000 | Third Party Payments | 0 | 55,000 |
| <u>(7,271)</u> | <u>40,000</u> | | <u>(38,255)</u> | <u>55,000</u> |

12. 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 2019.

| 2017/18 Amount Due To/(From) Received In Advance From £ | | 2018/19 Amount Due To/(From) Received In Advance From £ |
|------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------|
| | Angus Council | |
| 30,661 | Tactran Requisition | 6,635 |
| <u>30,661</u> | | <u>6,635</u> |
| | Dundee City Council | |
| 38,025 | Tactran Requisition | 913 |
| 600 | Supplies and Services | 500 |
| <u>38,625</u> | | <u>1,413</u> |
| | Perth & Kinross Council | |
| (135) | Interest (Receivable)/Payable | (118) |
| 40,569 | Tactran Requisition | 8,779 |
| 0 | RTS | 673 |
| 29,503 | Staff Cost | 43,966 |
| 8,206 | Supplies and Services | 8,644 |
| <u>78,143</u> | | <u>61,944</u> |
| | Stirling Council | |
| 19,899 | Tactran Requisition | 5,331 |
| <u>19,899</u> | | <u>5,331</u> |

13. FINANCE AND OPERATING LEASES

Partnership as Lessee

The Partnership held no assets on finance lease during 2018/19 (2017/18: None) and accordingly there were no finance lease rentals paid to lessors during 2018/19 (2017/18: 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 in annual rent from £12,000 to £13,490.

The future minimum lease payments due in future years are:-

| | 2017/18 £ | 2018/19 £ |
|---------------------------------------------------|----------------------------|----------------------------|
| Not later than one year | 13,490 | 13,490 |
| Later than one year and not later than five years | 35,973 | 22,483 |
| | <u>49,463</u> | <u>35,973</u> |

14. DEBTORS

| 2017/18 | | 2018/19 |
|----------------|------------------------------------|----------------|
| £'000 | | £'000 |
| | <u>Current (Due within 1 year)</u> | |
| 21 | Central Government | 25 |
| 0 | Dundee City Council | 7 |
| 5 | Stirling Council | 0 |
| 14 | Other Entities and Individuals | 76 |
| <u>40</u> | | <u>108</u> |

15. CREDITORS

| 2017/18 | | 2018/19 |
|----------------|--------------------------------|----------------|
| £'000 | | £'000 |
| 31 | Angus Council | 7 |
| 38 | Dundee City Council | 9 |
| 78 | Perth and Kinross Council | 62 |
| 25 | Stirling Council | 5 |
| 19 | Other Entities and Individuals | 45 |
| <u>191</u> | | <u>128</u> |

16. GRANT INCOME

The Partnership received the following grants and contributions:

| | 2017/18 | 2018/19 |
|-------------------------|----------------|----------------|
| | £'000 | £'000 |
| Scottish Government | 523 | 523 |
| Constituent Authorities | 40 | 103 |
| | <u>563</u> | <u>626</u> |

17. 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 2018 | | 31 March 2019 | |
|------|------------------------|-------------------|------------------------|-------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | £'000 | £'000 | £'000 | £'000 |
| Cash | 145 | 145 | 14 | 14 |
| | <u>145</u> | <u>145</u> | <u>14</u> | <u>14</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 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 2019 | Historical experience of default | Historical experience adjusted for market conditions as at 31 March 2019 | Estimated maximum exposure to default and uncollectability |
|------------------------------------------------------|---------------------------------|-----------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------|
| | £000 | % | % | £000 |
| Deposits with banks and other financial institutions | 14 | 0 | 0 | 0 |
| Customers | 108 | 0 | 0 | 0 |
| Total | 122 | 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 2019 |
|------------------------|----------------------|
| | £000 |
| Less than three months | 108 |
| Total | <u><u>108</u></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.

18. AUTHORISATION OF ACCOUNTS

The Unaudited Annual Accounts were authorised for issue on the 18 June 2019.

