

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP**13 JUNE 2023****DRAFT UNAUDITED ANNUAL ACCOUNTS FOR 2022/23****JOINT REPORT BY DIRECTOR AND TREASURER**

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| This report presents the Draft Unaudited Annual Accounts for 2022/23. |
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1 RECOMMENDATIONS

1.1 The Partnership is asked to:

- (i) approve the contents of the Draft Unaudited Annual Accounts for 2022/23; and
- (ii) authorise the Treasurer to sign the Annual Accounts for submission to the Controller of Audit by 30 June 2023.

2 BACKGROUND

2.1 Regional Transport Partnerships (RTP's) are required to submit their Unaudited Annual Accounts for 2022/23 to the Controller of Audit by 30 June 2023.

3 DISCUSSION

- 3.1 Following approval by the Partnership, the Unaudited Annual Accounts for 2022/23 will be signed and submitted to the Controller of Audit and the External Auditors, Audit Scotland by 30 June 2023.
- 3.2 The Unaudited Annual Accounts will then be available for public inspection online between 30 June and 20 July 2023 (inclusive) with any objections being sent to the external auditors by 21 July 2023.
- 3.3 It is anticipated that the audit of the Annual Accounts for 2022/23 by Audit Scotland will be undertaken in September and October 2023.
- 3.4 It is further anticipated that the External Auditors Report on the 2022/23 audit, along with the unsigned audited annual accounts for 2022/23, will be discussed at the Partnership Board on 12 December 2023.
- 3.5 The Unaudited Accounts are attached at Appendix 1 to this report. The balance sheet provides the net assets of the Partnership as at 31 March 2023.

- 3.6 Included within the balance sheet is a pension asset of £666,133. This asset is the present value of any economic benefit available to Tactran in the form of refunds or reduced pension contributions in future years. The valuation of the pension assets and liabilities are taken at a point in time, where for Tactran at 31 March 2023, the pension scheme assets are greater than the current value of scheme liabilities. As, with net pension liabilities, there is no immediate payment to or from the pension scheme for net pension assets.
- 3.7 Also included within the balance sheet is general fund reserves. Tactran recorded a deficit of £22,227 in 2022/23, which when combined with the opening usable reserves of £99,703, results in a total usable reserves balance of £77,476 at 31 March 2023. The 2023/24 Budget and Monitoring Report to be considered at this meeting includes details of the use of the reserves for the 2023/24 Core and RTS Budgets.

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.

Mark Speed
Director

Scott Walker
Treasurer

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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 2023**

UN-AUDITED

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP
ANNUAL ACCOUNTS 2022/23

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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 was approved in June 2016.

At its meeting on 15 September 2020 the Partnership agreed to commence work on producing a new Regional Transport Strategy for the Tactran region. Work continued on producing a new RTS throughout 2021/22. A draft Main Issues Report was developed in Spring 2021 with public and stakeholder engagement undertaken during Summer 2021. By the end of 2021/22 a draft set of objectives and outcomes for the RTS had been approved by the Partnership. Between July 2022 and November 2022, a further public and stakeholder engagement was undertaken, ‘A Conversation About Changing How We Travel’. This engagement exercise sought views on the draft objectives and outcomes; the scale of change required to hit national targets; and the types of measures which could help deliver the identified outcomes. In addition to this, work continued on a Strategic Environmental Assessment and Impact Assessments. The aim being to have a draft RTS prepared for Partnership approval during Summer 2023.

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 (CPP) 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. Tactran continues to actively participate in the Community Planning Partnerships in all 4 partner Council areas.

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 relevant Development Planning Authorities within the region (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 continues to prepare a Public Sector Climate Change Report annually with the latest report submitted in November 2022.

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 2023.

Review of 2022/23 Developments and Achievements

In the early stages of the Covid-19 pandemic Tactran employees were asked to work from home and a strategy to engage our forum members, partners and governance groups online was implemented. During 2022/23 as Covid 19 restrictions were lifted, Tactran staff adapted to hybrid working with a mixture of working at home on-line and in the office, undertaking meetings virtually or in-person, as suits the requirements. Partnership Board meetings have also been changed to hybrid with Members encouraged to attend in person but also able to attend virtually via Teams, with provision being made for these meeting to be open to public access and recorded on-line.

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 2022/23 the approved RTS Revenue Programme, amounting to **£182,838**, was supplemented by **£358,417** external grant income to provide a total resource of **£541,255** to support a wide range of regional, local and national priorities including:

- Ongoing development, monitoring and renewal of the RTS, promotion of Tactran and maintenance of Tactran website **£86,069**
- Promoting enhancements to Strategic Connectivity, including a review and analysis of data utilised in the Tay Cities Regional Transport Model - **£12,500**
- Promoting and addressing relationships between Health and Transport, including continued contribution towards the costs of the Safe Drive Stay Alive road safety campaign in the Stirling area and promotion of a pilot New Driver Scheme through the Tayside Road Safety Forum - **£12,000**
- Promotion and development of Active Travel opportunities and infrastructure, including a review of the Regional Active Travel Network encompassing digital mapping and dashboard facility- **£85,000**
- Maintenance and development of regional Tactran Liftshare website and the national Travelknowhow Scotland travel planning toolkit - **£78,512**
- Maintenance and promotion of the Thistle Assistance website, app and card scheme and surveys of bus users and non-bus users to help inform the Tayside Bus Alliance - **£14,928**
- Membership of East Coast Mainline Authorities (ECMA); continued development of Stirling Strategic Park & Ride Study, Bridge of Earn/South Perth Transport Appraisal and Tay Cities Park & Choose Strategy, all funded by Transport Scotland's Local Rail Development Fund - **£80,961**
- Contribution towards the Stirling & Tayside Timber Transport Group's continued appointment of a Timber Transport Officer and support to Freight Quality Partnership- **£2,350**
- Development and progression of the Mobility as a Service (MaaS) Enable pilot project and ongoing promotion of Get on the Go social media campaign - **£133,919**

In addition to the above projects, the Active Travel partnership entered into with Sustrans secured a further annual funding allocation of **£99,686** from the national Places for Everyone programme to support the development and provision of Active Travel infrastructure across the region. Transport Scotland also provided a grant of **£500,000** to Tactran for regional active travel projects. These funds were available to partner organisations by bidding for projects that fit at least one of the following criteria:

- take forward the recommendations of the 13 active travel audits previously undertaken at key settlements across Angus, Dundee, Perth & Kinross and Stirling Council areas;
- develop and implement key routes within the Tactran Regional Walking and Cycling Network (TRWCN);
- develop and implement access to key services within the Tactran Region

During 2022/23 the following Active Travel projects were supported:-

- Angus Council – Friockheim to Arbroath Feasibility (**£15,000**)
- Angus Council – Sidlaw Path Network (Newtyle to Dundee) design (**£56,500**)
- Angus Council – Arbroath to East Haven NCN 1 feasibility and Design (**£18,500**)
- Dundee City Council – Perth Road - Hawkhill feasibility and prelim design (**£65,000**)
- Dundee City Council – Pitkerro Road feasibility and prelim design (**£64,686**)
- Dundee City Council – Harefield Road - Strathmore Avenue feasibility and prelim design (**£65,000**)
- Dundee City Council – Strathmartine Road feasibility and prelim design (**£65,000**)
- Dundee City Council – Arbroath Road Active Freeway feasibility and prelim design (**£15,000**)

- Perth & Kinross Council – Shared use path Pittenzie Rd, Crieff, construction (**£50,000**)
- Perth & Kinross Council – Station Road Errol, construction (**£25,000**)
- Perth & Kinross Council – additional contribution to shared use path Pittenzie Road, Crieff (**£15,000**)
- Stirling Council – Kings Highway, Stirling to Drymen (**£65,000**)
- Stirling Council – Kildean/Craigforth Active Travel Masterplan (**£80,000**)

A significant proportion of Tactran staff time and resource is committed to supporting general Community Planning engagement and development in all four partner Council areas and 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. The Partnership Board receives 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.

The Tay Cities Deal, which was formally signed on 17 December 2020, saw the Scottish and UK Governments pledge £300 million to help to lever a further £400 million of investment to create a smarter and fairer city region with over 6,000 new job opportunities. The investment package includes transport projects for Dundee Airport, Perth Rail and Bus Station and Low Carbon Transport in Perth.

Work continued on supporting the development of the Tay Cities Deal, covering Angus, Dundee, Perth & Kinross and North East Fife and the Stirling and Clackmannanshire City Region Deal. The City Deals represent a significant 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. Strategic Development Plans are to be replaced by Regional Spatial Strategies (RSS) and Tactran continues to engage proactively with the various Development Planning Authorities and Tactran officers have been involved in providing input and helping shape the interim Regional Spatial Strategies (iRSS) for Forth Valley and Tay Cities. The National Planning Framework 4 (NPF4) was adopted and published by Scottish Ministers on 13 February 2023. Tactran anticipates further involvement through ongoing participation with the steering groups for the two RSS covering the Tactran region.

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 September 2018 the Scottish Government reaffirmed its commitment to reviewing the National Transport Strategy (NTS) followed by a full review and updating of the Strategic Transport Projects Review (STPR), and to implement a Transport Bill which would include measures to improve bus services, better regulate road works, promote responsible parking and advance Low Emissions Zones.

The Transport (Scotland) Act received Royal Assent on 15 November 2019 and sets out a framework for National Transport Strategy; Low Emission Zones; Bus Services; Ticketing Arrangements and Schemes; Travel concession schemes as applied to community transport; Pavement parking and double parking; workplace parking; recovery of unpaid parking charges; road works and Regional Transport Partnerships finance, which permits RTPs to establish reserve funds. Work has continued during 2022/23 on developing the associated regulations, however, this has been delayed due to competing resource commitments.

Following consultation and review throughout 2019, the second National Transport Strategy (NTS2) was published on 5 February 2020 and sets out the priorities and outcomes for Scotland's transport system over the next 20 years. Transport Scotland published the second

NTS2 Delivery Plan on 8 June 2022, covering the period 2022 to 2023. The Delivery Plan sets out the actions the Scottish Government is taking to assist in delivering the four priorities for Scotland's transport system as set out in the National Transport Strategy: reduces inequalities; takes climate action; helps deliver inclusive economic growth; and improves our health and wellbeing. The document also sets out a number of cross cutting measures the Government is committed to taking forward: review of transport governance; consulting on draft statutory guidance; publishing a Remote, Rural and Island Housing Action Plan; ensuring the effective and efficient transition of the operation of ScotRail services into public ownership; consulting on women's safety across public transport. This will be overseen by a Delivery Group that includes representation from the RTPs.

The Partnership has supported Transport Scotland in the development of the Regional Transport Working Groups (RTWGs) that provided the medium for consultation on the Strategic Transport Projects Review (STPR2) proposals to improve strategic transport connectivity nationally and regionally. This support continued through 2022 with Transport Scotland publishing the final STPR2 on 8 December 2022.

Following the publication of the finalised STPR2, Transport Scotland intend to develop an associated delivery plan. Tactran will aim to assist in developing the delivery plan.

STPR2 was progressed in alignment with the new Planning Act, Transport Act and updating of the National Planning Framework (NPF4). Inputting to and influencing these major policy developments over the next few years will be a key priority for the Partnership during 2023/24 and beyond.

In 2022/23 Tactran continued to be proactive in support of the two City Region Deals covering the Tactran area: the Stirling/Clackmannanshire and Tay Cities Region Deals. Tactran supported project development in the two City Region Deals and provided technical and financial support for the Tay Cities Regional Transport Model.

Due to the success of the Partnership in securing external funding for the delivery of projects in partnership with the funding bodies, the resources available to support the implementation of the RTS Delivery Plan in 2022/23 was enhanced significantly by approximately **£358,000**. Significant external funding will continue in 2023/24, with approximately **£145,000** external funding already secured to maintain, develop and promote the Travelknowhow Travel Plan toolkit and complete the Tay Cities Park & Choose Local Rail Development Fund Strategic Transport Guidance (STAG) appraisal as well as other initiatives. We will seek to increase active travel funding for the region from Transport Scotland and continue to develop the strategic alliance with Cycling Scotland.

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 2022/23 included:

- Transport Scotland and CoSLA published consultation on a route map to achieve a 20 percent reduction in car kilometres by 2030 on 13 January 2022, with responses submitted by 6 April 2022;
- The Scottish Government published consultation on Public Sector Equality Duty in Scotland on 13 December 2021, with responses to be submitted by 11 April 2022.
- Transport Scotland published consultation on a draft Second Strategic Transport Projects Review (STPR2) on 20 January 2022 seeking responses by 15 April 2022;
- Strathclyde Partnership for Transport (SPT) published a draft Regional Transport Strategy for consultation on 5 August 2022 with the period of consultation ending 28 October 2022.
- Stirling Council published Local Development Plan, draft supplementary guidance on Developer Contributions on 29 August 2022 with responses required by 21 November 2022.

- Transport Scotland published consultation on Cycling Framework and Delivery Plan for Active Travel in Scotland 2022-23 on 26 September 2022 with the consultation period ending on 19 December 2022.
- Scottish Government published consultation on a Draft Energy Strategy and Just Transition Plan on 10 January 2023, with the consultation period ending on 4 April 2023.

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.

In 2022/23 the Partnership's officers continued 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)

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 reviews, collaboration & governance; RTS development and delivery; management and operation of the Partnership; and financial support and management.

Covid-19 has resulted in organisations adapting to the new restrictions required to control the pandemic. Tactran immediately moved its business online and this remained throughout most of 2021/22, with a gradual return to the office on a hybrid basis commencing in March 2022 with measures undertaken to ensure the safe return of employees to the office environment. Hybrid working has continued throughout 2022/23. Risks are inherent and Tactran has taken and will continue to implement measures to mitigate these risks. Special attention has been taken in the development of the Regional Transport Strategy to ensure the longer impact of travel patterns following Covid-19 are understood and reflected in the document.

The Risk Register is reviewed by Board members not less than annually. The last review took place at the March 2023 Board meeting. This review considered 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, other RTPs and transport agencies and providers.

Since 2014/15 Tactran has partnered with sustainable transport charity Sustrans, and in 2022/23 again secured additional funding of approximately **£100,000**, to support implementation of the RTS. During 2022/23 Tactran successfully secured **£500,000** from Transport Scotland for Active Travel projects.

Tactran utilised further external funding of approximately **£358,000** in 2022/23 to take forward a number of initiatives and projects that contribute to the development of the RTS. In addition, Tactran has secured a further **£145,000** external funding to progress the RTS in 2023/24.

As outlined above, 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 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 2023. 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.

The Comprehensive Income & Expenditure recognises all income received in the 2022/23 financial year in line with the terms and conditions of funding.

The Movement in Reserves Statement recognises the **£22,000** deficit for 2022/23 (£2,000 deficit in 2021/22).

The Balance Sheet includes a General Fund Reserve to recognise the cumulative surpluses and deficits including the deficit for 2022/23. Also included are Unusable Reserves for Pension and Accumulated Absences movements.

The Cash Flow Statement includes changes in Debtor and Creditor balances between the financial years and shows the cash position of the Partnership at the year end.

At its meeting on 15 March 2022, the Tayside and Central Scotland Transport Partnership Board approved the Draft 2022/23 Core Revenue Budget of **£508,761**; of which **£391,741** was met by Grant in Aid funding from the Scottish Government, **£103,020** was requisitioned from the four constituent Councils, and **£14,000** from Reserves. Constituent Council requisitions utilise 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 draft Scottish Government Grant in Aid revenue funding for financial year 2022/23 for the Regional Transport Strategy (RTS) was **£131,009**.

At its meeting on 14 June 2022 the Tayside and Central Scotland Transport Partnership Board approved the unaudited 2021/22 Annual Accounts. The final deficit funded from reserves was confirmed as **£2,653**. All RTS reserves of **£50,907** and **£24,461** of core reserves were budgeted for use in 2022/23.

Overall Tactran's gross revenue budget for 2022/23 was **£702,060**.

During 2022/23, the Partnership Board received regular revenue monitoring reports to ensure members were fully apprised of the projected outturn position.

The Partnership's final position for 2022/23 excluding accounting adjustments relating to pensions and accumulated absences (£82,228) was a deficit of **£22,228** which was funded from reserves.

| | Budget £'000 | Actual £'000 | Variance £'000 |
|---------------------------|-------------------------|-------------------------|---------------------------|
| Employee Costs | 414 | 416 | 2 |
| Property Costs | 25 | 24 | (1) |
| Supplies & Services | 24 | 19 | (5) |
| Transport | 5 | 2 | (3) |
| Third Party | 234 | 1,170 | 936 |
| Total Expenditure | 702 | 1,631 | 929 |
| Scottish Government Grant | 523 | 1,222 | 699 |
| Council Requisitions | 103 | 103 | 0 |
| Other Income | 1 | 283 | 282 |
| Total Income | 627 | 1,608 | 981 |
| Deficit | 75 | 23 | (52) |

The table above summarises the 2022/23 Budget approved by the Partnership Board and provides the actual income and expenditure for the year ended 31 March 2023. The budgeted expenditure assumed that **£75,368** of reserves brought forward from 2021/22 would be utilised in the year. The overall **£22,228** deficit comprises a **£4,797** over spend on the Core Revenue Budget and an over spend of **£17,431** on projects within the Regional Transport Strategy programme.

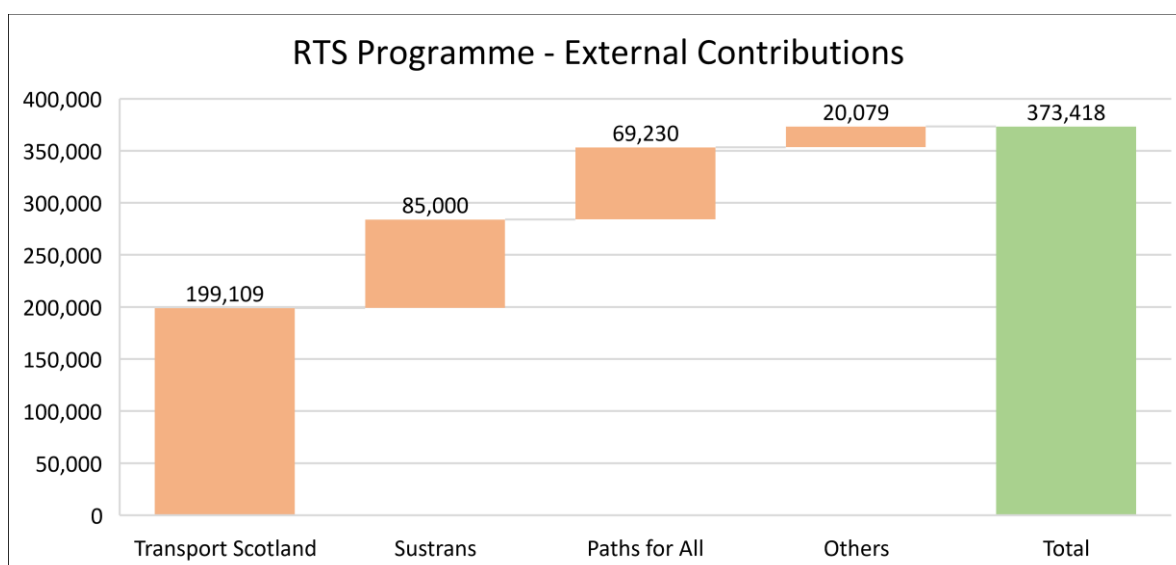
The overspend on Core Revenue of **£4,797** is offset by planned utilisation of reserves brought forward of **£24,461** resulting in a variance against budget of **£19,664**. This is mainly due to interest receivable of **£8,500** following increases to the Bank of England base rate during the year. There was an over spend of staff costs of **£2,000** due to an increase in training and conference opportunities following reduced availability in previous years as a result of Covid-19. Further savings in year resulted from continued hybrid working with underspend in property (**£1,000**); supplies & services (**£5,000**) and transport costs (**£3,000**). There were also savings of **£4,000** in external audit fees following a change of auditor.

The over spend on third party costs of **£936,000** is mainly due to increased expenditure related to the funding received during 2022/23 for Regional Active Travel Development Fund (**£500,000**), Active Travel Grants (**£100,000**) and Regional Transport Strategy (RTS) projects (**£373,000**); offset by an under spend of **£34,000** on the RTS programme.

The additional Scottish Government Grant of **£699,000** relates to the income received from Transport Scotland for the Regional Active Travel Development Fund (**£500,000**) and funding towards the RTS Programme (**£199,000**). Funding within the RTS Programme is as follows: Mobility as a Service (MaaS) (**£121,000**), Local Rail Development Funding for the Stirling South Park & Ride study (**£21,000**), Bridge of Earn transport appraisal (**£34,000**) and the Tay Cities Park and Ride Study (**£23,000**).

The **£282,000** variance in Other Income mainly relates to additional grants from Sustrans - **£85,000** for Tay Cities Regional Transport Model and **£100,000** for Active Travel Grants. There are a number of other contributions totalling **£89,000** towards projects included within the RTS programme.

The total 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 2022/23 Developments and Achievements:-

| Regional Transport Strategy | Budget | Income | Gross Budget | Actual Expenditure | Variance to Gross Budget |
|-------------------------------|-----------------|-----------------|-------------------|--------------------|--------------------------|
| Development of RTS | £102,000 | £0 | £102,000 | £86,098 | (£15,902) |
| Strategic Connectivity | £12,500 | £0 | £12,500 | £12,500 | £0 |
| Health and Transport | £12,000 | £0 | £12,000 | £12,000 | £0 |
| Active Travel | £0 | £85,000 | £85,000 | £85,000 | £0 |
| Travel Planning | £10,000 | £69,230 | £79,230 | £78,512 | (£718) |
| Buses Strategy | £13,000 | £0 | £13,000 | £14,988 | £1,988 |
| Park & Ride | £0 | £0 | £0 | £0 | £0 |
| Rail | £3,000 | £77,962 | £80,962 | £80,962 | £0 |
| Freight | £2,350 | £0 | £2,350 | £2,350 | £0 |
| Travel Information | £12,000 | £141,226 | £153,226 | £150,370 | (£2,856) |
| Climate change | £5,000 | £0 | £5,000 | £0 | (£5,000) |
| Contingency | £10,988 | £0 | £10,988 | £0 | (£10,988) |
| Sub-Total | £182,838 | £373,418 | £556,256 | £522,780 | (£33,476) |
| Active Travel Grant | £0 | £599,686 | £599,686 | £599,686 | £0 |
| Total | £182,838 | £973,104 | £1,155,942 | £1,122,466 | (£33,476) |

The total surplus on the Comprehensive Income and Expenditure Statement was **£1.057 million** 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

Following Royal Assent of the Transport (Scotland) Act 2019 the Partnership is provided with the power to hold General Fund Reserves. Any surplus is therefore transferred to reserves in the year they are created and can be drawn upon for use in future years. The details of Tactran reserves are provided within the Movement in Reserves Statement on page 20.

8. CAPITAL EXPENDITURE

During 2022/23, the Partnership did not incur any direct capital expenditure.

9. PENSION ASSET

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 asset of **£666,133** as at 31 March 2023 compared to a net pension liability at 31 March 2022 of £48,330 due to changes in the assumptions.

The net pension asset represents the best estimate of the fair value of pension assets in excess of the current value of pension liabilities at the valuation date. The net pension asset has been restricted to the asset ceiling, being the present value of any economic benefit available to Tactran in the form of refunds or reduced future employer contributions. The liability relates to benefits earned in the Local Government Pension Scheme by existing or previous employees up to 31 March 2023.

Triennial valuations of the Fund are carried out with the valuation for these accounts having taken place at 31 March 2020 resulting in the employer's contributions remaining at 17% of pensionable pay from 1 April 2021.

10. GOING CONCERN

The Treasurer is responsible for making an annual assessment of whether it is appropriate to prepare the accounts on a going concern basis. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, an authority's financial statements shall be prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for at least twelve months from the date of approval of the financial statements and it can only be discontinued under statutory prescription. In addition, under the Transport (Scotland) Act 2005, the constituent local authorities have a legal obligation to meet all liabilities borne by the authority. The activities of the authority have not been significantly impaired, and the authority continues to work towards the delivery of the Regional Transport Strategy. On this basis, the Treasurer has determined that it remains appropriate to prepare the financial statements on a going concern basis.

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 2022/23 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'.

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 9: Members Allowances.

15. ACKNOWLEDGEMENTS

During the 2022/23 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 2022/23 Annual Accounts.

Andrew Parrott
Chair of Partnership Board
Tactran

Scott Walker
Treasurer
Tactran

Mark Speed
Partnership Director
Tactran

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MEMBERS AND OFFICIALS 2022/23

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 2022/23 was:-

Councillor Members

Angus Council

Councillor Heather Doran (from June 2022)
Councillor Mark McDonald
Provost Ronnie Proctor (to May 2022)

Dundee City Council

Councillor Mark Flynn
Councillor Richard McCready (Chair to May 2022)
Councillor Dorothy McHugh (from June 2022)
Councillor Stephen Rome

Perth & Kinross Council

Councillor Hugh Anderson (from June 2022)
Councillor Alasdair Bailey (to May 2022)
Councillor David Illingworth (to May 2022)
Councillor Andrew Parrott (Chair)
Councillor Richard Watters (from June 2022)

Stirling Council

Councillor Danny Gibson
Councillor Rachel Nunn (from June 2022)
Councillor Jim Thomson (to May 2022)

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 2022/23 were:-

Dr Jonathan Berg – Jonathan was appointed in September 2020. Jonathan is a doctor specialising in genetic and rare diseases. With an 18km cycle commute, he understands the problems faced by cyclists every day on the roads and is a keen proponent of improved cycle paths and infrastructure. Jonathan resigned from this post in March 2023.

Mr Paul Cronin – Paul was appointed in September 2019. Paul has technical knowledge of design and delivery of active travel schemes, strategic knowledge of the commitment to active travel across the UK including Scotland and project/programme management skills in supporting the delivery of Tactran's expanded programme of active travel projects. Paul resigned from this post in December 2022.

Mr Bryan Doyle – Bryan was appointed in March 2020. Bryan is an Electrical Engineer and a Project Manager for SSEN. He has participated in the 2050 Young Leaders' Programme on Climate Change. With the advent of EV and low carbon transport, Bryan has a wealth of knowledge of the regional landscape and the emerging field of low carbon technologies.

Ms Amy McDonald – Amy was appointed in September 2020. Amy is a chartered accountant having held Director roles in both the commercial and public sector. Amy brings her experience of finance, strategic development and delivery to the Board together with that of transport and associated smart card ticketing.

Mr Paul Reid – Paul was appointed in June 2022. Paul has a wide experience of Transport in both public and private sector, including fleet, school transport, active and alternative transport and healthcare.

Non-Councillor member appointments are ordinarily for a period of 2 years, with extension subject to agreement by the Partnership Board.

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

Mark Speed was appointed Partnership Director from April 2020. As the Partnership's Chief Officer, Mark is responsible for ensuring that the Partnership meets its statutory obligations and duties and for managing the Partnership and its resources.

Mark brings a wealth of experience of working at a National, Regional and Local level of Government. Mark has previously been engaged as Head of Place Management at Sunderland City Council, Commissioning Manager for Transport and Infrastructure at Peterborough City Council, Senior Travel Demand Engineer at TRANSIT New Zealand and as Senior Policy Officer for the Tyne and Wear Local Transport Plan Core Team. Mark studied Environmental Management at Dundee University and Transport Policy and Planning at Newcastle University.

Senior Partnership Manager

Niall Gardiner was appointed as Projects Manager in October 2007. Niall has over 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 over 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)

Claudia Stuerck took up the post of Strategy Officer (Strategic Connectivity) in October 2021. Claudia joined Tactran from Free Hanseatic City of Bremen in Germany and has 14 years' experience in Scottish, UK and European transport planning, policy and strategy.

Strategy Officer (Sustainable Transport)

Merry Scott started in the post of Strategy Officer for Sustainable Transport in October 2020. Merry has previously worked in Dundee City Council and Transport Consultancy and has 17 years' experience in Sustainable Transport. Merry is a Chartered Member of the Institute of Logistics & Transport and has an MSc in Passenger Transport Management.

Cycle Training & Development Officer

This post remained vacant throughout 2022/23 pending further discussions and agreement with Cycling Scotland.

Tayside Bus Alliance – Project Manager

James Cooper joined Tactran in March 2022 on a fixed term post to end of March 2023 to manage all aspects of the Tayside Bus Alliance for the Bus Partnership Fund STAG appraisal and associated initiatives. The post is funded by Transport Scotland through the Bus Partnership Fund. James has over 30 years' experience working in the transport sector, mainly in academic and research roles, but also brings significant project management experience to the post.

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.

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

Scott Hendry is the Team Leader within Committee Services for Perth & Kinross Council and is the Proper Officer for all matters relating to Partnership governance, meetings and proceedings, and for ethical standards.

Partnership Treasurer

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

Partnership Legal Adviser

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 2022/23

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 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 were reviewed during November 2016 and approved by the Partnership Board on 6 December 2016. The Financial Regulations included within the governance documents were reviewed during 2019/20 and revision to signing limits and procurement guidance were approved by the Partnership Board on 18 June 2019.

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.

Due to the Covid pandemic and as part of the subsequent commitment to hybrid working, adjustments have been made to the financial control process that permits the process to be undertaken without need to physically meet or access the office. No other specific governance improvement areas have been identified for 2022/23.

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. Work commenced during 2020/21 on producing a new Regional Transport Strategy for the Tactran region, aiming for a draft for consultation to be approved by the Partnership by summer 2023.

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.

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 Review of Risk Register (Report RTP/23/01 refers) considered by the Partnership on 14 March 2023 provided revisions and updates to relevant Risk Controls and Actions.

- 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.

4. 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 2023. 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.

Andrew Parrott
Chair of Partnership Board
Tactran

Mark Speed
Partnership Director
Tactran

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Partnership's responsibilities

The Partnership is required to:

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

The Treasurer's responsibilities

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

In preparing the Annual Accounts, the Treasurer has:

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

The Treasurer has also:

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

The Annual Accounts present a true and fair view of the financial position of the Partnership at the accounting date and its income and expenditure for the year ended 31 March 2023.

Andrew Parrott
Chair of Partnership Board
Tactran

Scott Walker CPFA
Treasurer
Tactran

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MOVEMENT IN RESERVES STATEMENT

For the year ended 31 March 2023

| | General Fund Balance | Total Usable Reserves | Accumulated Absences Unusable Reserves (see Note 7) | Pensions Reserve Unusable Reserves (see Note 7) | Total Tactran Reserves |
|---|----------------------------|--------------------------------------|---|---|---------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 31 March 2021 | 102 | 102 | (4) | (272) | (174) |
| <u>Movement in reserves during 2021/22</u> | | | | | |
| Deficit on provision of services | (89) | (89) | 0 | 0 | (89) |
| Other Comprehensive Expenditure and Income | 0 | 0 | 0 | 306 | 306 |
| Total Comprehensive Expenditure and Income | (89) | (89) | 0 | 306 | 217 |
| Adjustments between accounting basis & funding basis under regulations (note 5) | 87 | 87 | (5) | (82) | 0 |
| (Decrease)/increase in 2021/22 | (2) | (2) | (5) | 224 | 217 |
| Balance at 31 March 2022 carried forward | 100 | 100 | (9) | (48) | 43 |
| <u>Movement in reserves during 2022/23</u> | | | | | |
| Deficit on provision of services | (104) | (104) | 0 | 0 | (104) |
| Other Comprehensive Expenditure and Income | 0 | 0 | 0 | 800 | 800 |
| Total Comprehensive Expenditure and Income | (104) | (104) | 0 | 800 | 696 |
| Adjustments between accounting basis & funding basis under regulations (note 5) | 82 | 82 | 4 | (86) | 0 |
| Increase/(decrease) in 2022/23 | (22) | (22) | 4 | 714 | 696 |
| Balance at 31 March 2023 carried forward | 78 | 78 | (5) | 666 | 739 |

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the year ending 31 March 2023

| 2021/22 | | | 2022/23 | | | |
|---|-----------------------------------|--|-------------|--------------------------------|-----------------------------------|--|
| <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 | | | | | | |
| 1,539 | (1,403) | 136 | | 1,665 | (1,506) | 159 |
| 51 | 0 | 51 | | 47 | 0 | 47 |
| COST OF SERVICES | | | | | | |
| 1,590 | (1,403) | 187 | | 1,712 | (1,506) | 206 |
| 5 | 0 | 5 | 4 | 1 | 0 | 1 |
| 0 | (103) | (103) | | 0 | (103) | (103) |
| 5 | (103) | (98) | | 1 | (103) | (102) |
| DEFICIT ON PROVISION OF SERVICES | | | | | | |
| | | 89 | | | | 104 |
| | | (306) | | | | (800) |
| | | (217) | | | | (696) |
| TOTAL COMPREHENSIVE INCOME AND EXPENDITURE | | | | | | |

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

BALANCE SHEET

Year Ending 31 March 2023

| <i>As at</i> 31 March 2022 £'000 £'000 | | Notes | As at 31 March 2023 £'000 £'000 |
|---|---|--------------|---|
| 219 | Short Term Debtors | 16 | 359 |
| <u>160</u> | Cash and Cash Equivalents | 8 | <u>134</u> |
| 379 | Current Assets | | 493 |
| <u>(288)</u> | Short Term Creditors | 17 | <u>(420)</u> |
| 91 | Net Current Assets | | 73 |
| (48) | Other Long Term (Liabilities)/Assets | 11 | 666 |
| <u>43</u> | Net Assets | | <u>739</u> |
| | Financed by Fund Balances and Unusable Reserves: | | |
| 100 | General Fund Reserve | | 78 |
| (48) | Pensions Reserve | 7 | 666 |
| (9) | Accumulated Absence | 7 | (5) |
| <u>43</u> | | | <u>739</u> |

The Unaudited Annual Accounts were issued on 13 June 2023.

Scott Walker CPFA
Treasurer
Tactran

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

CASH FLOW STATEMENT

Year Ending 31 March 2023

| 2021/22 £'000 | | Notes | 2022/23 £'000 |
|------------------|--|----------|------------------|
| (89) | Net deficit on provision of service | | (104) |
| | Adjustments to net deficit on the provision of services for non-cash movements:- | | |
| (8) | Debtors increased by | 16 | (140) |
| 119 | Creditors increased by | 17 | 136 |
| 5 | Employee Accrual | 7 & 17 | (4) |
| 82 | Pension adjustments | 11 | 86 |
| 109 | Net (decrease)/increase in cash and cash equivalents | | (26) |
| 51 | Cash and cash equivalents at the beginning of the reporting period | | 160 |
| 160 | Cash and cash equivalents at the end of the reporting period | 8 | 134 |

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 9 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 2021/22</i> | Salary Banding | Number of Employees 2022/23 |
|--|-----------------------|--|
| 0 | £90,000 - £94,999 | 1 |
| 1 | £80,000 - £84,999 | 0 |
| 0 | £60,000 - £64,999 | 1 |
| 1 | £55,000 - £59,999 | 0 |

(iv) Senior Employees Remuneration

| Name and Post Title | Salary, Fees and Allowance | Total Remuneration 2022/23 | Total Remuneration 2021/22 |
|---------------------------------|---|---|---|
| Mark Speed Partnership Director | £90,627 | £90,627 | £84,515 |
| | £90,627 | £90,627 | £84,515 |

The senior employee 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 person has 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 | | |
|------------------------------------|-------------------------------|------------------|------------------------------------|------------------------------------|---|
| | 2021/22 £'000 | 2022/23 £'000 | As at 31 March 2022 £'000 | As at 31 March 2023 £'000 | Difference from 31 March 2022 £'000 |
| Mark Speed Partnership Director | 8 | 8 | Pension 26 | 29 | 3 |
| | | | Lump Sum 0 | 0 | 0 |
| | 8 | 8 | | | |

(vi) The number of Exit packages with Total Cost per band and Total Cost of Compulsory and Other Redundancies

| (a) Exit package cost band (including special payments) | (b) Number of compulsory redundancies | | (c) Number of other departures agreed | | (d) Total number of exit packages by cost band (b) + (c) | | (e) Total cost of exit packages in each band | |
|--|--|----------|---|----------|---|----------|---|------------------|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 £'000 | 2021/22 £'000 |
| £0 – £20,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(vii) 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.

Mark Speed
Partnership Director
Tactran

Andrew Parrott
Chair of Partnership Board
Tactran

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Annual Accounts summarise the Partnerships transactions for 2022/23 and its position at 31 March 2023. 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 2022/23 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,
 - unlisted 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.

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.

GOING CONCERN

The Treasurer is responsible for making an annual assessment of whether it is appropriate to prepare the accounts on a going concern basis. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, an authority's financial statements shall be prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for at least twelve months from the date of approval of the financial statements and it can only be discontinued under statutory prescription. In addition, under the Transport (Scotland) Act 2005, the constituent local authorities have a legal obligation to meet all liabilities borne by the authority. The activities of the authority have not been significantly impaired, and the authority continues to work towards the delivery of the Regional Transport Strategy. On this basis, the Treasurer has determined that it remains appropriate to prepare the financial statements on a going concern basis.

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 Partnership 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.

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 which do not represent usable resources for the Partnership – these Reserves are explained in note 7.

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 2023 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 £68,362 (£106,442 for 2021/22).

However, the assumptions interact in complex ways. During 2022/23, the Partnership's actuaries advised that the net pension's liability had decreased by £714,463 (2021/22 pension liability had decreased by £223,694) due to an updating of the assumptions resulting in a net pension asset at 31 March 2023.

3. ADJUSTMENTS BETWEEN ACCOUNTING AND FUNDING

| | 2021/22 £'000 | 2022/23 £'000 |
|---|--------------------------------|--------------------------------|
| Pension adjustment | 82 | 86 |
| Re-measurement of net defined benefit asset | (306) | (800) |
| Accumulated Absence | 5 | (4) |
| Total Adjustments | (219) | (718) |

4. EXPENDITURE AND FUNDING ANALYSIS – 2022/23

| Services | Gross expenditure £'000 | Adjustment between accounting & funding basis (note 3) £'000 | Gross income £'000 | Net (income)/ expenditure £'000 |
|--|----------------------------|---|-----------------------|---------------------------------------|
| Highways & Transport Services | 1,584 | 81 | (1,506) | 159 |
| Corporate & Democratic Services | 47 | 0 | 0 | 47 |
| Cost of Services | 1,631 | 81 | (1,506) | 206 |
| Financing and Investment Income and Expenditure | 0 | 1 | 0 | 1 |
| Constituent Council Requisitions | 0 | 0 | (103) | (103) |
| (SURPLUS)/ DEFICIT ON PROVISION OF SERVICES | 1,631 | 82 | (1,609) | 104 |
| Remeasurements of the net defined benefit asset | 0 | (800) | 0 | (800) |
| TOTAL COMPREHENSIVE INCOME AND EXPENDITURE | 1,631 | (718) | (1,609) | (696) |

EXPENDITURE AND FUNDING ANALYSIS – 2021/22

| Services | Gross expenditure £'000 | Adjustment between accounting & funding basis (note 3) £'000 | Gross income £'000 | Net (income)/ expenditure £'000 |
|--|----------------------------|---|-----------------------|---------------------------------------|
| Highways & Transport Services | 1,457 | 82 | (1,403) | 136 |
| Corporate & Democratic Services | 51 | 0 | 0 | 51 |
| Cost of Services | 1,508 | 82 | (1,403) | 187 |
| Financing and Investment Income and Expenditure | 0 | 5 | 0 | 5 |
| Constituent Council Requisitions | 0 | 0 | (103) | (103) |
| (SURPLUS)/ DEFICIT ON PROVISION OF SERVICES | 1,508 | 87 | (1,506) | 89 |
| Remeasurements of the net defined benefit asset | 0 | (306) | 0 | (306) |
| TOTAL COMPREHENSIVE INCOME AND EXPENDITURE | 1,508 | (219) | (1,506) | (217) |

The Expenditure and Funding Analysis shows how the funding available to the Partnership in the form of partner contributions has been used in providing services. This is compared to the costs of services on an accounting basis.

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.

| | <i>Movement in Unusable Reserves</i> | <i>Movement in Unusable Reserves</i> |
|---|---|---|
| | <i>2021/22 £'000</i> | <i>2022/23 £'000</i> |
| Adjustments involving the Pensions Reserve: | | |
| Reversal of items relating to post employment benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (130) | (145) |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 48 | 59 |
| 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 | (5) | 4 |
| Total Adjustments | (87) | (82) |

6. BALANCE SHEET – USABLE RESERVES

Movements in the Partnership's Usable Reserves are detailed in the Movement in Reserves Statement.

7. BALANCE SHEET – UNUSABLE RESERVES

| <i>31 March 2022 £'000</i> | | <i>31 March 2023 £'000</i> |
|---------------------------------------|--|---------------------------------------|
| (48) | Pensions Reserve | 666 |
| (9) | Accumulating Compensated Absences Adjustment Account | (5) |
| (57) | Total Unusable Reserves | 661 |

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 credit balance on the Pensions Reserve therefore shows a

substantial surplus in the benefits earned by past and current employees and the resources the Partnership has set aside to meet them.

| 2021/22 | | 2022/23 |
|----------------|---|----------------|
| £'000 | | £'000 |
| (272) | Balance at 1 April | (48) |
| 306 | Other Comprehensive Income | 800 |
| (130) | Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (145) |
| 48 | Employer's pensions contributions and direct payments to pensioners payable in the year | 59 |
| (48) | Balance as at 31 March | (666) |

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.

| 2021/22 | | 2022/23 |
|----------------|---|----------------|
| £'000 | | £'000 |
| (4) | Balance at 1 April | (9) |
| (5) | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 4 |
| (9) | Balance at 31 March | (5) |

8. CASH FLOW STATEMENT – CASH AND CASH EQUIVALENTS

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

| 31 March 2022 | | 31 March 2023 |
|----------------------|----------------------------|----------------------|
| £'000 | | £'000 |
| 160 | Bank current accounts | 134 |
| 160 | Balance at 31 March | 134 |

9. MEMBERS ALLOWANCES

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

| | 2021/22 £'000 | 2022/23 £'000 |
|----------|------------------|------------------|
| Expenses | 0 | 1 |
| | <hr/> 0 | <hr/> 1 |

10. EXTERNAL AUDIT COSTS

The external auditor of the Partnership is appointed by the Accounts Commission for Scotland for a period of 5 years from 2022/23. The total fee payable to Audit Scotland in respect of the 2022/23 financial year for external audit services undertaken in accordance with the Code of Audit Practice is £13,035 (2021/22 £16,630 – KPMG LLP). During 2022/23 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.

11. PENSION SCHEMES

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the 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 2021/22 | Local Government Pension Scheme £'000 2022/23 |
|---|--|--|
| Costs of Services | | |
| Service Cost | 125 | 145 |
| Financial and Investment Income and Expenditure | | |
| Net Interest on defined liability | 5 | 1 |
| Total Post Employment Benefit Charged to the Deficit on the Provision of Services | 130 | 146 |
| Remeasurements | 306 | 800 |
| Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | 436 | 946 |
| 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 | (82) | (86) |
| Employers contributions payable to scheme | 48 | 59 |

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 2021/22 £'000 | Funded liabilities Local Government Pension Scheme 2022/23 £'000 |
|---|---|---|
| Opening Balance at 1 April | 3,906 | 4,146 |
| Current Service Costs | 125 | 145 |
| Past Service Costs | 0 | 0 |
| Interest Cost | 80 | 107 |
| Contributions by scheme participants | 22 | 26 |
| Change in assumptions: | | |
| Change in financial assumptions | (182) | (1,724) |
| Change in demographic assumptions | 0 | 0 |
| Experience loss on defined benefit obligation | 8 | 256 |
| Estimated benefits paid net of transfer | 187 | (68) |
| Closing balance at 31 March | 4,146 | 2,887 |
| | Assets | Assets |
| | 2021/22 | 2022/23 |
| | £'000 | £'000 |
| Opening Balance at 1 April | 3,634 | 4,097 |
| Interest on assets | 75 | 106 |
| Return on assets (less interest) | 132 | (307) |
| Actuarial gains | 0 | 0 |
| Estimated benefits paid net of transfer | 187 | (68) |
| Employer contributions | 48 | 59 |
| Contributions by scheme participants | 22 | 26 |
| Administration Expenses | (1) | (1) |
| Changes in effect of asset ceiling | 0 | (360) |
| Closing balance at 31 March | 4,097 | 3,551 |

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

The annual loss on scheme assets in the year was £199,922 (2021/22: gain of £206,952).

Scheme History

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|----------------|----------------|----------------|----------------|
| | £ | £ | £ | £ |
| Present Value of Liabilities | | | | |
| Local Government scheme | (2,919,456) | (3,904,430) | (4,142,524) | (2,883,797) |
| Fair Value of Assets in Local Government Pension Scheme | 2,713,756 | 3,632,406 | 4,094,194 | 3,910,699 |
| (Deficit)/Surplus of the Scheme | (205,700) | (272,024) | (48,330) | 1,026,902 |

The liabilities show the underlying commitments that the Partnership has in the long term to pay post employment (retirement) benefits. The total asset of £666,133 has an impact of increasing the net worth of Tactran as recorded in the Balance Sheet, resulting in an overall balance of £738,621.

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 2020.

The principal assumptions used by the actuary have been:

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|----------------|----------------|----------------|----------------|
| Expected Return | (5%) | 33% | 6% | (5%) |
| Longevity at 65 for current pensioners: | | | | |
| Retiring Today: | 18.9 | 19.7 | 18.9 | 19.0 |
| | 22.2 | 21.7 | 22.2 | 22.4 |
| Retiring in 20 Years: | 20.2 | 21.4 | 20.3 | 20.4 |
| | 23.8 | 23.5 | 23.9 | 23.9 |
| Past service liability duration (years) | 19 | 19 | 19 | 16 |
| Rate of inflation (CPI) | 1.9% | 2.8% | 3.2% | 2.9% |
| Rate of increase in salaries | 2.9% | 3.8% | 4.2% | 3.9% |
| Rate for discounting scheme liabilities | 2.4% | 2.0% | 2.6% | 4.8% |

Sensitivity Analysis

| | | | |
|---|-----------|-----------|-----------|
| Adjustment to discount rate | +0.1% | 0.0% | -0.1% |
| - Present value of total obligation | 2,840,637 | 2,883,797 | 2,927,969 |
| - Projected service cost | 68,362 | 70,342 | 72,376 |
| | | | |
| Adjustment to long term salary increase | +0.1% | 0.0% | -0.1% |
| - Present value of total obligation | 2,892,234 | 2,883,797 | 2,875,427 |

| | | | |
|---|-----------|-----------|-----------|
| - Projected service cost | 70,388 | 70,342 | 70,295 |
| | | | |
| Adjustment to pension increase and deferred revaluation | +0.1% | 0.0% | -0.1% |
| - Present value of total obligation | 2,920,313 | 2,883,797 | 2,848,177 |
| - Projected service cost | 72,400 | 70,342 | 68,339 |
| | | | |
| Adjustment to mortality age rating assumption | + 1 Year | None | - 1 Year |
| - Present value of total obligation | 2,979,042 | 2,883,797 | 2,791,657 |
| - Projected service cost | 73,190 | 70,342 | 67,575 |

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 2022 | 31 March 2023 |
|-------------|----------------------|----------------------|
| Equities | 71% | 72% |
| Gilts | 4% | 2% |
| Other Bonds | 12% | 13% |
| Property | 11% | 10% |
| Cash | 2% | 3% |
| Total | <u>100%</u> | <u>100%</u> |

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 2024 is **£63,033**.

12. CONTINGENT LIABILITY

A recent employment tribunal case (Goodwin v Department for Education) resulted in the issue of a UK Government Written Ministerial Statement on 20 July 2020 in respect of survivor benefits payable from the Teachers' Pension Scheme in England. Survivor benefits payable to male survivors of females in opposite sex marriages will now be equal to those payable to other categories of survivor.

The Statement has implications for other public service pensions schemes and changes will also be required to devolved schemes, including the Local Government Pension Scheme. The potential impact upon the pension liability for Tactran is presently unknown.

13. 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 2022/23, the Partnership entered into a number of transactions with the constituent Councils and these are detailed as follows:

| 2021/22 | | | 2022/23 | |
|------------------------------------|------------------|--------------------------|------------------|------------------|
| Income From £ | Payments To £ | | Income From £ | Payments To £ |
| Angus Council | | | | |
| (23,595) | 0 | Tactran Requisition | (23,595) | 0 |
| (925) | 0 | Other Income | (1,693) | 0 |
| 0 | 140,000 | Third Party Payments | 0 | 90,000 |
| <u>(24,520)</u> | <u>140,000</u> | | <u>(25,288)</u> | <u>90,000</u> |
| Dundee City Council | | | | |
| (29,265) | 0 | Tactran Requisition | (29,265) | 0 |
| (4,382) | 0 | Other Income | (1,693) | 0 |
| 0 | 161,375 | Third Party Payments | 0 | 275,611 |
| <u>(33,647)</u> | <u>161,375</u> | | <u>(30,958)</u> | <u>275,611</u> |
| Perth & Kinross Council | | | | |
| (31,210) | 0 | Tactran Requisition | (31,210) | 0 |
| (331) | 0 | Interest Receivable | (8,555) | 0 |
| (925) | 0 | Other Income | (1,693) | 0 |
| 0 | 3,323 | Supplies and Services | 0 | 11,253 |
| 0 | 93,400 | Third Party Payments | 0 | 99,000 |
| 0 | 33,250 | Central Support Services | 0 | 33,250 |
| <u>(32,466)</u> | <u>129,973</u> | | <u>(41,458)</u> | <u>143,503</u> |
| Stirling Council | | | | |
| (18,950) | 0 | Tactran Requisition | (18,950) | 0 |
| 0 | 65,000 | Third Party Payments | 0 | 145,000 |
| <u>(18,950)</u> | <u>65,000</u> | | <u>(18,950)</u> | <u>145,000</u> |

14. 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 2023.

| 2021/22 Amount Due To/(From) £ | | 2022/23 Amount Due To/(From) £ |
|---|------------------------------------|---|
| | Angus Council | |
| 74,075 | RTS | 18,500 |
| <u>74,075</u> | | <u>18,500</u> |
| | Dundee City Council | |
| (2,857) | Supplies and Services | 750 |
| 119,075 | RTS | 64,686 |
| <u>116,218</u> | | <u>65,436</u> |
| | Perth & Kinross Council | |
| (173) | Interest (Receivable)/Payable | (8,332) |
| 29,075 | RTS | 25,000 |
| 34,822 | Staff Cost | 81,600 |
| 1,901 | Supplies and Services | 3,130 |
| <u>65,625</u> | | <u>101,398</u> |
| | Stirling Council | |
| <u>0</u> | | <u>0</u> |

15. FINANCE AND OPERATING LEASES

Partnership as Lessee

The Partnership held no assets on finance lease during 2022/23 (2021/22: None) and accordingly there were no finance lease rentals paid to lessors during 2022/23 (2021/22: None). The Partnership occupies office premises in Perth on an operating lease which commenced in November 2006. Tactran is legally committed to future lease payments of **£35,973** as at 31 March 2023. A four-year extension to the lease has been agreed from November 2021 with no change to the rent of £13,490. The table below documents the minimum lease payments due in future years:-

| | 2021/22 £ | 2022/23 £ |
|---|----------------------------|----------------------------|
| 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> |

16. DEBTORS

| 2021/22 £'000 | | 2022/23 £'000 |
|------------------|------------------------------------|------------------|
| | <u>Current (Due within 1 year)</u> | |
| 1 | Angus Council | 0 |
| 56 | Central Government | 144 |
| 4 | Dundee City Council | 0 |
| 1 | Perth and Kinross Council | 8 |
| <u>157</u> | Other Entities and Individuals | <u>207</u> |
| <u>219</u> | | <u>359</u> |

17. CREDITORS

| 2021/22 £'000 | | 2022/23 £'000 |
|------------------|--|------------------|
| 75 | Angus Council | 18 |
| 121 | Dundee City Council | 66 |
| 67 | Perth and Kinross Council | 110 |
| 0 | Stirling Council | 0 |
| <u>25</u> | Other Entities, Individuals & Employee Accrual | <u>226</u> |
| <u>288</u> | | <u>420</u> |

18. GRANT INCOME

The Partnership recognised the following grants and contributions in respect of its Core and RTS Programme:

| | 2021/22 £'000 | 2022/23 £'000 |
|-------------------------|------------------|------------------|
| Scottish Government | 523 | 523 |
| Constituent Authorities | <u>103</u> | <u>103</u> |
| | <u>626</u> | <u>626</u> |

Additional funding received during the year to augment the RTS and Capital Programmes is disclosed within Section 4 – Financial Performance.

19. 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 2022 | | 31 March 2023 | |
|------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| | Carrying Amount £'000 | Fair Value £'000 | Carrying Amount £'000 | Fair Value £'000 |
| Cash | 160 | 160 | 134 | 134 |
| | <u>160</u> | <u>160</u> | <u>134</u> | <u>134</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 2023 £'000 | Historical experience of default % | Historical experience adjusted for market conditions as at 31 March 2023 % | Estimated maximum exposure to default and uncollectability £'000 |
|--|---|---|---|---|
| Deposits with banks and other financial institutions | 134 | 0 | 0 | 0 |
| Customers | 0 | 0 | 0 | 0 |
| Total | 134 | 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 2023 £'000 |
|------------------------|--------------------------------|
| Less than three months | 323 |
| Total | <u><u>323</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.