



Annual Accounts 2017/18

Date of meeting 28 September 2018

Date of report 18 September 2018

Report by Assistant Chief Executive

1. Object of report

To ensure compliance with the Local Authority Accounts (Scotland) Regulations 2014, the Partnership are asked to consider the audited annual accounts and approve them for signature. The annual accounts are required to be signed no later than 30 September immediately following the financial year end.

2. Background

The Audit and Standards Committee considered the unaudited accounts of both SPT and the Strathclyde Concessionary Travel Scheme Joint Committee for the financial year 2017/2018 at its meeting on 08 June 2018, prior to these being formally submitted to the external auditor, Scott Moncrieff.

At its meeting of 14 September 2018, the Audit and Standards Committee noted the '2017/18 Annual Audit Report to members of Strathclyde Partnership for Transport, the Strathclyde Concessionary Travel Scheme Joint Committee and the Controller of Audit' by the external auditor Scott-Moncrieff, subject to the associated Annual Accounts 2017/18 being presented to and approved by the Partnership at this meeting.

3. Outline of proposals

The annual accounts of both bodies are prepared in line with proper accounting practice and are required to be audited by 30 September 2018. The Strathclyde Concessionary Travel Scheme Joint Committee agreed previously that, as common systems were utilised, it was appropriate that SPT's committees would scrutinise the draft accounts on its behalf, and these would subsequently be submitted to the next available Joint Committee meeting for noting. Scott Moncrieff have expressed an opinion that the financial statements represent a true and fair view of the Partnership's financial affairs, and similarly for the Joint Committee.

One significant change has been made to the accounts since the draft accounts were considered by the Audit and Standards Committee. The change was outwith the control of SPT and related to the pension information submitted to SPT from the Strathclyde Pension Fund Office (SPFO), actuary Hymans Robertson. The issue with the actuarial valuation is not restricted to SPT and is a UK wide issue for the public sector.

Hymans Robertson prepare their actuarial reports each year from estimates based on asset values in December updated for expected returns to the end of March. This approach is taken to allow the issue of actuarial valuation reports in April to allow public bodies to complete their accounts as soon as possible, in line with expected best practice. This is the approach that has been taken for many years and there has never been a need to refresh

the actuarial report once firm figures were available. For 2017/18 Audit Scotland required public bodies to update their accounts where there was a significant variance between the estimates and actual. In the case of the Hymans Robertson actuarial report for 2017/18 for the Strathclyde Pension Fund, there was a 2.39% difference between their estimated fund value of £20,320,000,000 and the actual outturn for the year of £20,806,209,000. The net impact of this change for SPT is that the overall pension liability for SPT has reduced from £7.331 million in the unaudited accounts presented to the Audit and Standards Committee in June to £3.245 million in the final audited accounts attached as Appendix 1.

The actuaries are in discussion with CIPFA, Audit Scotland, NAO, Wales Audit Office, other external auditors and the other actuarial firms to ensure that this situation does not occur again next year.

4. Partnership action

The Partnership is recommended to approve:

- the signing of the Partnership financial statements for the year ending 31 March 2018; and
- the signing of the Joint Committee financial statements for the year ending 31 March 2018, noting these will be submitted to the Joint Committee in due course.

5. Consequences

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| Policy consequences | <i>None</i> |
| Legal consequences | <i>Ensures full compliance with legal and financial reporting requirements.</i> |
| Financial consequences | <i>As detailed in the Annual Accounts.</i> |
| Personnel consequences | <i>None</i> |
| Equalities consequences | <i>None</i> |
| Risk consequences | <i>None</i> |

Name Valerie Davidson

Title **Assistant Chief Executive**

Name Gordon Maclennan

Title **Chief Executive**

For further information, please contact Neil Wylie, Director of Finance & HR, on 0141 333 3380.