



## 2015/16 Abstract of Accounts – Strathclyde Concessionary Travel Scheme Joint Committee

**Committee**            Audit & Standards

**Date of meeting**    17 June 2016

**Date of report**     6 June 2016

**Report by Assistant Chief Executive (Business Support)**

### 1. Object of report

To provide the committee with the draft abstract of accounts for Strathclyde Concessionary Travel Scheme Joint Committee (SCTSJC) for financial year ending 31 March 2016, and seek their agreement to submit the accounts to the External Auditor by 30 June 2016.

### 2. Background

The SCTSJC is required to prepare financial statements having due regard to recognised accounting standards and specifically the *Code of Practice for Local Authority Accounting in the United Kingdom 2015/16*. The SCTSJC is required to submit to the External Auditor a draft abstract of accounts, for the purpose of audit no later than the 30 June of each year.

### 3. Outline of proposals

Attached to this report is the prepared abstract of accounts for the financial year 2015/16. These have been prepared in accordance with the recognised standards and the Accounting Code of Practice.

### 4. Conclusions

The draft abstract of accounts has been prepared in the legislative timeframe having due regard to all current standards.

### 5. Committee action

The committee is asked to note:

- the draft abstract of accounts, and if appropriate, agree that these abstracts should be submitted to the External Auditor no later than the 30 June 2016.

## 6. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>Complies with legislative timetable for submission.</i>
Financial consequences	<i>None directly. All accounting standards considered during preparation.</i>
Personnel consequences	<i>None.</i>
Social Inclusion consequences	<i>None.</i>
Risk consequences	<i>None.</i>

**Name** Valerie Davidson

**Title** **Assistant Chief Executive  
(Business Support)**

**Name** Gordon MacLennan

**Title** **Chief Executive**

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

Strathclyde Concessionary Travel  
Scheme Joint Committee  
**Financial Statements**  
for the year ended 31 March 2016

Contents

Members of the Joint Committee ..... 2

Report of the Joint Committee ..... 3

Statement of Responsibilities ..... 5

Annual Governance Statement and Statement of Financial Control ..... 6

Accounting Policies ..... 11

Comprehensive Income and Expenditure Statement ..... 12

Balance Sheet ..... 13

Cash Flow Statement ..... 14

Movement in Reserves Statement ..... 15

Notes to the Financial Statements ..... 16

# Members of the Joint Committee

## Members of the Joint Committee as at 31 March 2016

<b>Member</b>	<b>Representing</b>
Councillor Robert G MacIntyre	Argyll & Bute Council
Councillor Bobby McDill	East Ayrshire Council
Councillor Alan Moir	East Dunbartonshire Council
Councillor Tony Buchanan	East Renfrewshire Council
Councillor Gerald Leonard	Glasgow City Council
Councillor David Wilson	Inverclyde Council
Councillor John Bruce	North Ayrshire Council
Councillor Kaye Harmon (Chair)	North Lanarkshire Council
Councillor Jackie Henry	Renfrewshire Council
Councillor Nan McFarlane	South Ayrshire Council
Councillor Eileen Logan	South Lanarkshire Council
Councillor Hazel Sorrell	West Dunbartonshire Council
Councillor James Coleman	Strathclyde Partnership for Transport

The Joint Committee consists of 12 Elected Members representing the 12 constituent unitary authorities in the west of Scotland, together with the Chair of Strathclyde Partnership for Transport. The Joint Committee met on 2 occasions during 2015/16.

### **Secretary / Treasurer**

Valerie Davidson  
Strathclyde Partnership for Transport  
131 St. Vincent Street  
Glasgow  
G2 5JF

Any correspondence for the Strathclyde Concessionary Travel Scheme should be sent to the address above.

# Report of the Joint Committee

## Introduction

The Strathclyde Concessionary Travel Scheme Joint Committee (“SCTS” or “the Joint Committee”) is pleased to present the report and financial statements of the Scheme for the year ended 31 March 2016.

SCTS covers the 12 councils within the designated Strathclyde Partnership for Transport area, and all councils are represented on the Joint Committee plus the chair of Strathclyde Partnership for Transport. The cost of the Scheme is met by the 12 councils. Strathclyde Partnership for Transport administers the Scheme on behalf of the Joint Committee.

The Joint Committee was established on 22 October 1999, although as outlined below, significant changes have been made since then.

## Scope of the Scheme

The Strathclyde Concessionary Travel Scheme (“the Scheme”) offers reduced fares on First ScotRail services, which start and finish within the Scheme’s boundaries, on Glasgow’s Subway and on local ferries for anyone who lives on an island or peninsula and meets the qualifying criteria.

The Scheme is open to people aged 60 years old and over plus many disabled people if they live permanently in the area covered by the Scheme. Strathclyde Concessionary Travel Cards with a named ferry route on them (Ferry Travel Cards) are also available to permanent residents of one of the islands covered by the Scheme or where residents live on the Cowal or Rosneath peninsulas.

A National Concessionary Travel Scheme for Bus was introduced on 1 April 2006. As a result all bus concession travel became a matter for Transport Scotland with effect from that date with railway, subway and ferry within the designated Strathclyde Partnership for Transport area remaining a matter for the Joint Committee.

The Scheme was reviewed in 2009/10 with changes to fares being amongst a range of measures proposed to ensure the sustainability of the Scheme in the longer term. These measures were approved by the Joint Committee on 11 December 2009 and were implemented in 2010/11, with a further fare increase implemented in 2011/12 and amendments to the operator reimbursement factors and the introduction of a rail evening peak restriction implemented in 2012/13.

## Preparation of Financial Statements

The financial statements demonstrate SCTS sound stewardship of the public funds it controls and manages. The financial statements have been prepared in accordance with *the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16* which is based upon International Financial Reporting Standards (IFRS). Therefore the Code, which remains the authoritative source of accounting standards for local authorities (and related bodies) across the UK, is based upon internationally common accounting standards.

## Review of Performance

SCTS’s comprehensive income and expenditure statement for the year ended 31 March 2016 is shown on page 12.

The agreed budget for 2015/16 was £4.482 million (£4.328 million, 2014/15). Funding contributions from the 12 participating councils were agreed at £4.258 million with the balance of £0.224 million funded from reserves. This planned use of reserves reflects the agreed policy of the Joint Committee to reduce the level held in a sustainable and measured fashion.

Payments to operators in the year amounted to £3.923 million (£3.948 million, 2014/15). The final outturn inclusive of all costs is £4.232 million (£4.237 million, 2014/15) which is £0.250 million less than the original 2015/16 budget. This reflects a continuing control of costs since 2009/10 which is primarily due to the successful implementation of the measures approved since 2010/11 which were aimed at protecting the long-term sustainability of the Scheme.

The success of these measures is despite the fact that the Joint Committee has no influence over either the number of journeys made by cardholders or the commercial fare levels set by operators. This means that the actual cost of running the Scheme can vary substantially from the budgeted figure.

## **Balance Sheet**

The Balance Sheet is shown on page 13 and provides details of SCTS's assets and liabilities as at 31 March 2016. The major balance sheet movement in 2015/16 is in relation to the movement in reserves based on the surplus for the year.

## **Cash Flow Statement**

The Cash Flow Statement and the accompanying notes on page 14 summarise the inflows and outflows of cash arising from transactions with third parties for revenue purposes during the year.

## **Movement in Reserves Statement**

The Movement in Reserves Statement reported on page 15 shows the general reserves held by the SCTS as at 31 March 2016. The Joint Committee has in recent years implemented a policy of reducing the level of balances held to a level more commensurate with the local Scheme costs. This action has been taken by the Joint Committee following consultation with the funding bodies. However, in 2015/16, the continued success of the cost saving measures implemented since 2010/11 resulted in an increase in reserves of £0.026 million. The Joint Committee has already approved a resource utilisation policy, which will see the overall level reduced in future years.

## **Membership of the Joint Committee**

Details of representation on the Joint Committee at 31 March 2016 are shown on page 2.

Approved on behalf of Strathclyde Concessionary Travel Scheme Joint Committee and signed on their behalf

Valerie Davidson  
Treasurer  
xx xxxx 2016

# Statement of Responsibilities

## The Joint Committee's responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of the Scheme and its financial affairs. The responsibility for the administration of the Scheme on a day to day basis has been delegated to Strathclyde Partnership for Transport;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

## The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Scheme's statement of accounts in accordance with proper practices as set out in CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ("the Code of Practice").

In preparing this statement of accounts, the Treasurer has:

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

The Treasurer has also:

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

# Annual Governance Statement and Statement of Financial Control

## Scope of the Governance Framework

Although Strathclyde Concessionary Travel Scheme (SCTS) Joint Committee is a separate legal entity, due to the administrative relationship between SCTS and Strathclyde Partnership for Transport (SPT), there are a number of shared systems between the two bodies. The corporate governance and internal financial control arrangements that govern SCTS are also that of SPT.

Strathclyde Partnership for Transport (SPT) has established governance arrangements that are consistent with the seven (7) principles for good governance outlined in the International Framework: Good Governance in the Public Sector published by the Chartered Institute of Public Finance & Accountancy (CIPFA)/International Federation of Accountants (IFAC) in July 2014.

SPT is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically and efficiently. There is also a duty under the Local Government (Scotland) Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

SPT is also responsible for establishing proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and is focused on meeting key strategic and business objectives and that benefits are realised.

## The Purpose of the Governance Framework

The purpose of Good Governance in the Public Sector (the Framework) is to encourage better service delivery and improved accountability by establishing a benchmark for aspects of good governance in the public sector.

The governance framework comprises the behaviours, values, practices and systems by which the Partnership is directed and controlled and engages with 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 outcomes.

The quality of governance arrangements underpins the level of trust in public services and is therefore a fundamental building block upon which SPT can build its promise to customers. Trust in public services is also influenced by the quality of services received, regardless of who is responsible for delivering them, and also by how open and honest an organisation is about its performance.

Good governance, and a framework (Local Code of Corporate Governance) for the implementation of good governance allows SPT to be clear about its approach to discharging its responsibilities as outlined above and to promote this widely both internally, to employees and members and externally to partners, stakeholders and most importantly the travelling public of the west of Scotland.

The Local Code of Corporate Governance has been populated with evidence of compliance to support each of the seven principles. The arrangements required for gathering information for the preparation of the Annual Governance Statement provide an opportunity for SPT to consider the robustness of the governance arrangements and to consider this as a corporate issue that affects all parts of the organisation. It also helps to highlight current arrangements and arrangements which will be subject to review in the forthcoming year.

## The Governance Framework

**Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

SPT has well established standing orders and terms of reference that regulate the operation of the Partnership and committee meetings. These standing orders are supported by a scheme of delegated functions, standing orders relating to contracts, the code of corporate governance and financial regulations with clear delegation arrangements and protocols for decision making and communication, and codes of conduct defining the standards of behaviour for employees and members. Guidance to support this principle is contained within SPT's governance manual.



SPT management have a designated role profile and these profiles are easily accessible for employees via the intranet and are structured to provide clear responsibility and accountability at both strategic and operational levels.

These arrangements are supplemented by HR policy and guidance.

The Code of Conduct for Employees, including the register of hospitality and register of interests for employees was approved by the Personnel Committee at its meeting of 24 April 2015.

Revisions to the Partnership's Standing Orders and Terms of Reference were approved by the Partnership at its meeting of 14 August 2015.

**Principle B: Ensuring openness and comprehensive stakeholder engagement.**

SPT is clear about the leadership responsibilities for services, whether provided directly, through partners or by third parties. We will work closely with partners and stakeholders to make sure they deliver to agreed levels of quality and are accountable for what they do. SPT has a clear commitment to ensure services deliver the most appropriate combination of quality, value and choice to all.

SPT is a committed community planning partner and we work in partnership to deliver local and national outcomes and to ensure we make a positive contribution to the Single Outcome Agreement in each of our constituent council areas.

Each year we produce a Transport Outcome Report (TOR), which shows how our activities contribute to Single Outcome Agreements and provide a summary of service delivery and local outcomes in each council area.

SPT interacts and engages with stakeholders and publishes annual reports, financial statements, service performance information and the results of customer surveys. In addition, communications are maintained through the local and national press, our website, staff intranet pages and officer and/or member representation at public meetings.

SPT remains committed to developing systems to allow stakeholders to engage electronically. Contact can be made through the website and social media.

Meetings of the Partnership and its committees are open to the public, and agendas, papers and minutes are published on our website.

The Complaints Handling Procedure was adopted by the Partnership at its meeting of 9 May 2014.

**Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits.**

The Annual Statement on Sustainable Economic Growth sets out the steps that SPT has taken in 2015/16 to promote and increase sustainable growth through the exercise of its functions.

The Regional Transport Strategy Delivery Plan 2014–2017 has a strong focus on the specific services, initiatives and projects which SPT seeks to deliver over this three year period. The Regional Transport Strategy is integral to SPT's business planning processes which reflect current social, environmental and economic circumstances at local, regional and national levels.

In accordance with the Regional Transport Strategy Delivery Plan, SPT presents Transport Outcomes Reports (TORs) for SPT's constituent councils and Community Planning Partnerships (CPPs) in accordance with their Single Outcome Agreements (SOAs).

The Regional Transport Strategy Delivery Plan 2014-17 was approved by the Partnership at its meeting of 9 May 2014.

**Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.**

The Partnership and committees receive regular and comprehensive reports on SPT service delivery and outcomes.

The decision making and scrutiny framework within SPT encompasses self-evaluation as well as internal and external inspection.

The SPT strategy group and senior management receive advice and guidance from officer led groups responsible for the consideration of, for example, environmental sustainability, ICT strategy, and health and safety to drive and direct the decision making process. This advice is supplemented by external support provided by specialist professionals and services, where appropriate.

**Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

This principle is about enabling employees and officers to develop and enhance their knowledge and skills to allow them to effectively fulfil their roles and responsibilities.

A programme of training has been put in place for all members to remain well versed in their role and the role of the committee(s).

SPT has adopted a corporate induction process, delivered by Human Resources (HR). All new employees are required to undertake this induction. This arrangement is supplemented by local induction which is delivered by the appropriate department.

SPT remains committed to developing its workforce through the provision of a learning and development scheme for employees, to ensure that training and development needs are documented and managed in a structured and planned way.

**Principle F: Managing risks and performance through robust internal control and strong public financial management**

The Partnership's Standing Orders, Committee Terms of Reference, Scheme of Delegated Functions and Financial Regulations outline the roles and responsibilities for the monitoring and reporting of financial and risk management arrangements.

All reports presented to the Partnership/Committee require an assessment of financial and risk consequences to be detailed to support the decision making process.

The Partnership has an effective budget setting process which demonstrates an understanding of its costs, priorities and risks which is directly linked to outcomes.

The financial position is continually monitored throughout the year by the Strategy and Programmes committee. The financial statements demonstrate SPT's sound stewardship of the public funds it controls and manages. The financial statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom which is based upon International Financial Reporting Standards (IFRS). Therefore the Code, which remains the authoritative accounting standard for local authorities (and related bodies) across the UK, is based upon internationally common accounting practices.

The Corporate Risk Register is reviewed at each strategy group meeting, with reporting lines to the Audit and Standards Committee.

The Risk Management Strategy was approved by the Audit and Standards committee at its meeting of 27 March 2015.

**Principle G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.**

Stakeholders and other interested parties can easily access information on SPT, its performance and outcomes from the website.

The website provides clear information on the services that SPT delivers and its responsibilities to the community and the travelling public of the west of Scotland.

Stakeholders can communicate with SPT using a range of available channels including social media.

The Audit and Standards committee meet on a regular basis and have clear terms of reference.

## Monitoring and Review of Governance Arrangements

SPT's governance arrangements are formally monitored via:

- the Partnership's established committee framework, including the Audit and Standards committee;
- strategy group and senior management;
- internal and external audit work; and
- review(s) of the local code of corporate governance arrangements which inform this statement.

Review of governance arrangements are undertaken within the context of the Regional Transport Strategy, Community Planning, and our strategic objectives.

## Statutory Role

Section 95 of the Local Government (Scotland) Act 1973 places responsibility for the proper administration of SPT's financial affairs upon the proper officer of the Partnership. In SPT, the Assistant Chief Executive (Business Support) is the responsible officer and is a member of the SPT strategy group.

This arrangement is in accordance with good practice, as prescribed in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. Officer responsibilities are set out in SPT's Scheme of Delegated Functions and Financial Regulations which confirm that the Assistant Chief Executive (Business Support)/Secretary to the SCTS Joint Committee shall be responsible for the financial affairs of the SCTS and act as adviser to the SCTS Joint Committee.

## System of Internal Financial Control

This section of the Annual Governance Statement relates to the system of internal financial control of SPT. It incorporates a level of assurance on the systems of internal financial control.

This statement applies to the 2015/16 financial statements for SPT. We acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated in connection with the resources concerned.

The system of internal financial control is based on a framework of regulations, policies, processes, administrative and authorisation procedures and controls, management supervision and a system of delegated authority and accountability.

Development and maintenance of the system is undertaken by officers of SPT. Key elements include:

- comprehensive revenue and capital budgeting systems integrated with service planning;
- a regime for regular reporting to the Partnership and committees of periodic and annual financial reports which highlight financial performance against forecast;
- setting targets to measure financial and other performance;
- performance management information;
- project management disciplines; and
- guidance relating to financial processes, procedures and regulations.

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Audit and Assurance function provides Internal Audit services to the Partnership and the SCTS Joint Committee in conformance with the Public Sector Internal Audit Standards (PSIAS). All engagements are completed in conformance with these standards and the Internal Audit Charter. The Audit and Assurance team completed an annual programme of work approved by the Audit and Standards committee based on a risk-based internal audit plan. The plan was reviewed throughout the year to reflect evolving risks and changes within the organisation.

Internal Audit reports identifying areas for improvement and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and action plans. It is management's responsibility to ensure that proper consideration is given to Internal Audit reports and that

appropriate action is taken on recommendations. Reports are subsequently monitored by the section 95 officer, the strategy group and the Audit and Standards committee.

The effectiveness of internal financial controls is informed by officers throughout SPT and the Audit and Standards committee (as the scrutiny committee) and by the work of internal and external audit. It is SPT's view that the systems for internal control were effective during 2015/16 with no identified material weaknesses, and will be improved through implementation of the recommended actions from internal and external audit reports, and continuous corporate business planning.

It should be noted that the system of internal financial control can provide only reasonable and not absolute assurance that all transactions are properly assessed or that errors have been prevented, and as such SPT is continually seeking to improve the effectiveness of its system of internal financial control.

SPT is committed to ensuring that governance and internal financial control arrangements are robust, proportionate, and in line with good practice. SPT has established a culture of continuous improvement, and is thorough in addressing issues that emerge either through self-assessment or as part of the external scrutiny process.

**Valerie Davidson**  
Treasurer / Secretary  
xx xxxx 2016

# Accounting Policies

The financial statements for the year ended 31 March 2016 have been compiled on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) and the Best Value Accounting Code of Practice 2015/16. The Code is based on International Financial Reporting Standards (IFRS) with interpretation appropriate to the public sector. The statements are designed to give a 'true and fair view' of the financial performance and position of SCTS for 2015/16.

## 1. Amounts due to operators

Amounts due to operators are based on actual claims processed. Where claims have not been received the liability is estimated based on the historic level of payments and known passenger trends. Outstanding additional cost claims have been included at the cost shown in the operators claims or if under negotiation at the latest negotiated figure. The operators claim includes compensation to operators for lost fares as permitted under the current Strathclyde Concessionary Travel Scheme.

## 2. Administration costs

Strathclyde Partnership for Transport provides the administrative support to the Scheme and also meets certain costs attributable solely to the administration of the Scheme.

The recharge includes:

- employees who are involved full time in administering the National Entitlement Card and the local scheme, including employer on-costs such as National Insurance and employer pension contributions;
- general support staff who are charged on the basis of estimated time spent on the Scheme's activities, including employer on-costs; and
- an allowance for the Partnership overheads. These overheads are allocated based on staff numbers and include property costs, printing and stationery, supplies and services and audit costs charged to the Partnership.

## 3. Retirement Benefits

In accordance with IAS19, SCTS is required to disclose certain information concerning assets, liabilities, income and expenditure relating to pension schemes for its employees.

As SCTS does not have any direct employees, the standard does not apply and accounting requirements are contained with the financial statements of Strathclyde Partnership for Transport.

## 4. Investments

Temporary surplus cash balances are invested with UK banks. An investment return is earned on these investments and is shown in the Comprehensive Income and Expenditure Statement as interest received.

## 5. Bank balances

Bank balances are included in the balance sheet at the closing balance in the SCTS ledger.

# Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

	Note	2014/15 £000	2015/16 £000
<b>Expenditure</b>			
Payments to operators		3,948	3,923
Administration costs	1,2	316	331
<b>Net cost of service</b>		<b>4,264</b>	<b>4,254</b>
Interest received	3	(27)	(22)
<b>Net operating expenditure</b>		<b>4,237</b>	<b>4,232</b>
<b>Amounts to be met from external sources</b>		<b>4,237</b>	<b>4,232</b>
<b>Financed by:</b>			
Funding received – Local Authorities	4	(4,258)	(4,258)
<b>Net surplus for the year transferred to general reserves</b>		<b>(21)</b>	<b>(26)</b>
<b>Surplus brought forward</b>		<b>(1,620)</b>	<b>(1,641)</b>
<b>Surplus carried forward to general reserves</b>		<b>(1,641)</b>	<b>(1,667)</b>

The results for both years reflect trading from continuing activities. There are no recognised gains or losses in either year other than the results for the financial year. Accordingly no statement of total recognised gains and losses is given.

# Balance Sheet

## as at 31 March 2016

	Note	2014/15 £000	2015/16 £000
<b>Current Assets</b>			
Short term investments	5	1,000	1,000
Cash at Bank		1,206	1,144
Debtors	6	3	1
		<u>2,209</u>	<u>2,145</u>
<b>Current Liabilities</b>			
Amounts due to operators	7	(253)	(149)
Creditors	8	(315)	(329)
		<u>(568)</u>	<u>(478)</u>
<b>Net Current Assets</b>		<u>1,641</u>	<u>1,667</u>
<b>Total Assets less Current Liabilities</b>		<u><u>1,641</u></u>	<u><u>1,667</u></u>
<b>Reserves</b>			
General reserves	9	1,641	1,667
		<u>1,641</u>	<u>1,667</u>

The unaudited financial statements were issued on XX XXX 2016 and the audited financial statements were authorised for issue on XX XXX 2016.

Signed on behalf of the Joint Committee:

Valerie Davidson  
Treasurer / Secretary  
xx xxxx 2016

# Cash Flow Statement

## for the year ended 31 March 2016

	2014/15 £000	2015/16 £000
<b>Revenue Activities</b>		
Cash Outflows		
Cash paid to and on behalf of employees	(196)	(201)
Other operating cash payments	(4,429)	(4,141)
	<u>(4,625)</u>	<u>(4,342)</u>
Cash inflows		
Other operating cash receipts	4,258	4,258
<b>Net cash inflow / (outflow) from revenue activities – Note A</b>	<u>(367)</u>	<u>(84)</u>
<b>Returns on investments and servicing of finance</b>		
Cash inflows		
Interest received	27	22
<b>Net cash inflow from servicing of finance</b>	<u>27</u>	<u>22</u>
<b>Management of liquid resources</b>		
Net (increase) / decrease in short term deposits	0	0
<b>Increase / (decrease) in cash – Note B</b>	<u>(340)</u>	<u>(62)</u>

### Notes to the Cashflow Statement

	2014/15 £000	2015/16 £000	
<b>Note A</b>			
<b>Reconciliation of net cash inflow/(outflow) from revenue activities to operating surplus</b>			
Operating surplus	21	26	
Deduct interest received	(27)	(22)	
	<u>(6)</u>	<u>4</u>	
Decrease/(Increase) in Debtors	2	2	
Increase/(Decrease) in Creditors	(363)	(90)	
	<u>(367)</u>	<u>(84)</u>	
<b>Note B</b>			
<b>Analysis of movement in cash</b>	At 1 April 2015 £000	Cashflows £000	At 31 March 2016 £000
Cash at bank	1,206	(62)	<u>1,144</u>

As at 31 March 2016, the Scheme had short-term investments of £1,000,000 held with the Bank of Scotland.



## Movement in Reserves Statement 2015/16

	General Reserve 2014/15 £000	General Reserve 2015/16 £000
Opening Balance as at 1 April	1,620	1,641
Net Surplus for year	21	26
Closing Balance as at 31 March	<u>1,641</u>	<u>1,667</u>

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# Notes to the Financial Statements

## 1. Administration costs

The administration costs are analysed below:

	2014/15 £000	2015/16 £000
Staff costs	196	201
Auditor's remuneration	5	5
Members allowances and expenses	0	0
Other costs	63	83
Postage costs	52	42
	<b>316</b>	<b>331</b>

The average number of full time SPT staff dealing with the administration of the Scheme was 9 (2014/15: 9), including the issue of the national entitlement card.

The 2015/16 fee in respect of external audit services undertaken in accordance with the Code of Audit Practice was £5,000. The fee is payable to Audit Scotland and to KPMG LLP, SCTS's appointed auditor.

## 2. Members allowances and expenses

The total amount paid in respect of Members Allowances and Expenses incurred by the SCTS in respect of the Chair and Vice Chair of the Joint Committee was:

	2014/15 £000	2015/16 £000
Members' Allowances	0	0

No expenses were incurred during 2015/16 as there is currently no Vice chair and the Chair does not claim any allowance.

## 3. Interest received

This interest relates to interest received from the UK banks in respect of the SCTS's temporary surplus funds that are invested during the year.

#### 4. Funding received

The Scheme is funded by contributions received from the local authorities within the area served by the Scheme and from a draw on reserves. The funding is set as part of the budget process and takes account of expected participation, changes in fares and the level of reserves.

The funding received or due from local authorities is set out in the table below:

	2014/15 £000	2015/16 £000
Argyll & Bute Council	176	176
East Ayrshire Council	242	242
East Dunbartonshire Council	219	219
East Renfrewshire Council	178	178
Glasgow City Council	1,052	1052
Inverclyde Council	171	171
North Ayrshire Council	283	283
North Lanarkshire Council	575	575
Renfrewshire Council	333	333
South Ayrshire Council	264	264
South Lanarkshire Council	586	586
West Dunbartonshire Council	179	179
	<b>4,258</b>	<b>4,258</b>

#### 5. Short term investments

As at 31 March 2016, the Scheme had short-term investments of £1,000,000 (2014/15: £1,000,000).

#### 6. Debtors

As at 31 March 2016, the Scheme had debtors of £1,000 (2014/15: £3,000). This is in respect of bank interest outstanding and amounts due from Strathclyde Partnership for Transport.

#### 7. Amounts Due to Operators

	2014/15 £000	2015/16 £000
Outstanding Operator Payments	253	149

Operator payments are based on actual claims processed. Where claims have not been received the liability is estimated based on the historic level of payments and known passenger trends.

#### 8. Creditors

	2014/15 £000	2015/16 £000
Other Creditors	4	4
Amounts due to SPT	311	325
	<b>315</b>	<b>329</b>

## 8. General reserves

See Movement in Reserves Statement on page 15 for a breakdown of the movement on the reserve balances.

## 9. Related party transactions

International Accounting Standard 24 (IAS24) requires disclosures to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

During the year, transactions with related parties arose as follows.

Related Party	2014/15 Income £000	2015/16 Income £000	2014/15 Expenditure £000	2015/16 Expenditure £000	Transaction
Strathclyde Partnership for Transport			310	324	Administration and overhead costs still to be invoiced
Local Authorities	4,258	4,258			Revenue funding to SCTS

### Strathclyde Partnership for Transport

SPT provides the administrative support to the Scheme and also meets certain costs attributable solely to the administration of the Scheme.

### Local Authorities

The cost of the SCTS is met by the 12 local authorities, who provide the funding to the scheme.