



2016/17 Draft Abstract of Accounts and Annual Report – Strathclyde Partnership for Transport (SPT) and Strathclyde Concessionary Travel Scheme Joint Committee (SCTSJC)

Date of meeting 23 June 2017

Date of report 07 June 2017

Report by Assistant Chief Executive (Business Support)

1. Object of report

To provide the Committee with the draft abstract of accounts for financial year ending 31 March 2017 for SPT and SCTSJC, and seek their agreement to submit the accounts to the External Auditor by 30 June 2017, and the draft Annual Report for the year.

2. Background

The Partnership and SCTSJC are required to prepare financial statements having due regard to recognised accounting standards and specifically the *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17*. Draft abstract of accounts are required to be submitted to the External Auditor, for the purpose of audit no later than the 30 June of each year.

Although SCTSJC is a separate legal entity, due to the administrative relationship between SCTSJC and SPT, there are a number of shared systems between the two bodies. The corporate governance and internal financial control arrangements that govern SCTSJC are also that of SPT. It is because of this control environment that the Partnership is being asked to approve the draft abstract of accounts for SCTSJC.

SPT is also required to produce an Annual Report and submit this annually to the Transport Minister, outlining its key activities and incorporating many of the RTS monitoring statistics.

3. Outline of proposals

Attached to this report is the prepared abstract of accounts for SPT and SCTSJC for the financial year 2016/17. These have been prepared in accordance with the recognised standards and the Accounting Code of Practice.

The supporting Annual Report outlines the key achievements for the corresponding financial year.

4. Partnership action

The Partnership is asked to:

- note the draft abstract of accounts for SPT and SCTSJC, and if appropriate, agree that these abstracts should be submitted to the External Auditor no later than the 30 June 2017; and
- consider and approve the corresponding Annual Report, noting that this will be sent to the Transport Minister as required.

5. 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	Name	Gordon Maclennan
Title	Assistant Chief Executive (Business Support)	Title	Chief Executive

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

Strathclyde Partnership for Transport Financial Statements for the year ended 31 March 2017

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Members of Strathclyde Partnership for Transport

Members of the Partnership as at 31 March 2017

Member	Representing
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 Malcolm Balfour	Glasgow City Council
Councillor Jonathan Findlay (Chair)	Glasgow City Council
Councillor Gerald Leonard	Glasgow City Council
Councillor Martin Bartos	Glasgow City Council
Councillor Fariha Thomas	Glasgow City Council
Councillor David Wilson	Inverclyde Council
Councillor Donald Reid	North Ayrshire Council
Councillor Michael McPake	North Lanarkshire Council
Councillor Kaye Harmon (Vice Chair)	North Lanarkshire Council
Councillor Paul Welsh	North Lanarkshire Council
Councillor Eddie Devine	Renfrewshire Council
Councillor Bill Grant	South Ayrshire Council
Councillor Denis McKenna (Vice Chair)	South Lanarkshire Council
Councillor Hamish Stewart	South Lanarkshire Council
Councillor Allan Falconer	South Lanarkshire Council
Councillor Lawrence O'Neill	West Dunbartonshire Council
Gregory Beecroft	Appointed Member
Brian Davidson	Appointed Member
Ann Faulds	Appointed Member
Anne Follin	Appointed Member
Graham Johnston	Appointed Member
Alex Macaulay	Appointed Member
Jo MacLennan	Appointed Member
Alan Malcolm	Appointed Member
Jim McNally	Appointed Member

The Partnership consists of 20 Elected Members representing the 12 constituent unitary authorities in the west of Scotland and between 7 and 9 Appointed Members. There are currently 9 Appointed Members. The Partnership met on 6 occasions during 2016/17.

The directors of the organisation are defined as the **Chief Executive, Gordon MacLennan**, **Assistant Chief Executive (Business Support), Valerie Davidson** and **Assistant Chief Executive (Operations), Eric Stewart**.

Secretary / Treasurer

Valerie Davidson
Assistant Chief Executive (Business Support)
Strathclyde Partnership for Transport
131 St. Vincent Street
Glasgow
G2 5JF

Address for Correspondence

Neil Wylie
Director of Finance & HR
Strathclyde Partnership for Transport
131 St. Vincent Street
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Management Commentary

Introduction

This management commentary puts the financial statements into context of what SPT is aiming to achieve, how we manage the risks and challenges and what the future holds.

About Strathclyde Partnership for Transport

Strathclyde Partnership for Transport is the Regional Transport Partnership for the west of Scotland covering 12 council areas.

SPT's Partnership Board is made up of 20 elected members representing 12 constituent councils, and in 2016/17 there were nine Appointed Members.

The Partnership is chaired by Councillor Jonathan Findlay along with Vice Chairs Councillor Denis McKenna and Councillor Kaye Harmon. The Partnership's policies and decisions are implemented by SPT staff under the strategic direction of Chief Executive, Gordon MacLennan, Assistant Chief Executive (Business Support), Valerie Davidson and Assistant Chief Executive (Operations), Eric Stewart.

SPT is at the heart of the region's transport planning, operations and project delivery; working to develop a joined up network now and for the future. We provide subsidised local bus services, are instrumental in the delivery and growth of community transport, and provide demand responsive services — MyBus — in areas not served by the commercial market and in rural communities where public transport would otherwise be unavailable. We deliver on street bus shelters and stops and are a key influence in the design of the bus network.

SPT organises the biggest school run in Scotland – getting around 38,000 pupils to and from school every day. We own and operate Buchanan, East Kilbride, Greenock and Hamilton bus stations with a total of around 1.2 million bus departures from our stations every year.

SPT also own and operate the Subway in Glasgow – the world's third oldest underground system and a vital part of the west of Scotland's transport network. The Subway carried nearly 13 million passengers in 2016/17.

We continue with modernisation of the Subway which will transform the network and enhance our customers' travel experience. 2016/17 saw work commence on the delivery of the contracts for the manufacture and delivery of new rolling stock, signalling and control systems, control room and associated equipment. In addition, a major piece of infrastructure work, replacing the Ramps and Turnouts section of the tunnel chamber, where the Subway trains enter and exit the system, took place in July 2016.

SPT's Subway continues to operate its Smartcard ticketing system, with to date more than 150,000 Smartcards issued. On behalf of operators, SPT is also responsible for the operation and administration of the region's ZoneCard – an integrated multi-modal ticketing scheme – and on behalf of the 12 councils, the Strathclyde Concessionary Travel Scheme which provides discounted travel for those who are eligible on rail, subway and ferry.

We also work with many other organisations central to the planning and delivery of transport, including constituent councils, Transport Scotland, Clydeplan and public transport operators to name a few.

'A Catalyst for Change', the Regional Transport Strategy (RTS) for the west of Scotland 2008 – 2021, sets out SPT's vision and high-level strategy for improving transport across the west of Scotland. It seeks to deliver our four Strategic Outcomes. These are:

- Attractive, seamless, reliable travel;
- Improved connectivity;
- Access for all; and
- Reduced emissions.

The RTS is supported by a Delivery Plan, which sets out the key investments, services and initiatives to be delivered in the shorter term to work towards achieving the strategic outcomes for the region.

In addition to our responsibilities as the Regional Transport Partnership, we also have responsibilities as a public body to ensure that public money is safeguarded and properly accounted for, used economically and efficiently. We must also ensure that we can demonstrate improved service delivery. This is underpinned by robust governance arrangements and processes.

SPT's functions are determined by the Transport (Scotland) Act 2005, which effectively transferred the functions of Strathclyde Passenger Transport Authority (SPTA) and Executive (SPTe) to the regional transport partnership for the west of Scotland. This resulted in SPT assuming the majority of responsibilities and roles of the former SPTA and SPTe with effect from 1 April 2006.

Our priorities

SPT's work is guided by the Regional Transport Strategy. This provides a strategic planning framework for planning, investment and delivery.

- **Attractive, seamless, reliable travel**

SPT believes that all modes of public transport in Strathclyde should be attractive, seamless and reliable. Those services should deliver regular, stable timetables which benefit existing passengers as well as attracting new customers. To do that we focussed on three key areas in 2016/17 — Subway Modernisation, Smart and Integrated Ticketing, and Better Bus Services.

- **Improved connectivity**

SPT aims to achieve more efficient transport networks to help reduce congestion, improve access to employment, to help businesses connect better with their customers, employees and suppliers and to attract investment to the area. It is all part of developing an efficient, sustainable transport network to ensure access to strategic locations for both residents and business.

We pursued this aim by focusing on Fastlink; Strategic Rail enhancements; Rail & Freight; and integrated transport and land use planning

- **Access for all**

Ensuring that the transport network is accessible, affordable and safe enables the people of Strathclyde to get to the places they need and want to be, be it for education, employment or leisure. SPT aims to achieve this by providing and supporting socially necessary transport services and minimising any physical and non-physical barriers so that everyone, importantly those most in need, can live independent, socially-active lives and access the same opportunities as everyone else.

Our activity focussed on the following key areas in 2016/17: provision of socially necessary services, improving access to healthcare, and promoting equal access to public transport.

- **Reduced emissions**

SPT is committed to improving the range, choice, access to and appeal of sustainable travel options and encouraging better travel choices. We are also committed to reducing carbon emissions produced by our own operations and have implemented carbon reduction measures across the organisation.

In 2016/17, SPT focussed on reducing emissions through development of park and ride, cycling provision improvements and encouraging travel behaviour change.

- **Improved service delivery**

SPT is focussed on not only delivering transport improvements for the public but we also work hard to ensure that we are delivering our work as effectively and efficiently as possible with a focus on delivering increased digitalisation in support of the drive for efficiency.

We are continually evaluating everything we do to make sure that we get the most out of our resources – making every penny and every action count.

Performance Reporting

SPT monitors its performance regularly and reports on its performance throughout the year to its members through the committee structure. All reports are available to the public and can be found at:

<http://www.spt.co.uk/corporate/about/minutes-agendas/>

In addition, the full year performance is reported in the Annual Report 2017 and can be found at:

<http://www.spt.co.uk/corporate/wp-content/uploads/2015/07/Annual-Report-2015-16.pdf>

Treasury Management

SPT has adopted in full the CIPFA Code of Practice on Treasury Management including the creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of SPT's treasury management activities. SPT publishes an annual Treasury Management Strategy for the year ahead and annual Treasury Management Report for the year past, including a commentary on compliance. The 2016/17 Treasury Management Strategy can be found at:

http://www.spt.co.uk/documents/sp180316_agenda6.pdf

Management of Risk

The main financial and operational risks to SPT are included within the corporate risk register. This includes identification of clear mitigating actions and risk owners. The major financial risks at this stage arise from the continuing uncertainty over future years' financial settlements and the potential for continued austerity measures. This is reviewed regularly and reported to each Audit & Standards Committee for scrutiny and can be found at:

<http://www.spt.co.uk/corporate/about/minutes-agendas/>

Look Ahead

Subway modernisation

The roll-out of the £288.7 million Subway modernisation programme continues with eight of 15 stations now complete including the £7 million investment into Govan Interchange which opened in August 2016. This year also saw the completion of station refurbishments at Buchanan Street and at Cessnock.

Work has also begun at Kelvingbridge Station and will be finished later in 2017. Once Kelvinbridge is complete, Shields Road and Bridge Street station refurbishments will begin in 2017 and into 2018.

Design of the final four tenders for St George's Cross, Cowcaddens, Kinning Park, and West Street is currently out to tender.

Smart and integrated ticketing

SPT continues to develop smart ticketing and work with partners to develop a fully integrated system for the benefit of passengers. There are now more than 150,000 Subway Smartcard holders.

SPT also developed "online top-up" for Subway Smartcard users which offers them the option of topping up their card value, or buying season tickets whenever and wherever it is most convenient for them. More than 1,100 customers have now topped up their Smartcards online.

Working in partnership with Abellio ScotRail means we are now able to offer commuters using both Subway and train services the option of putting tickets for both on either their Subway or ScotRail Smartcard, as both cards have been developed by Nevis technologies - a joint venture between Rambus Ecebs and SPT.

McGill's, the largest privately owned bus company in Scotland, now provides Smart ticketing to its customers using Nevis Technologies means they also have the option to link with other transport operators as more operators join up to smart ticketing.

Fastlink

The second phase of the Fastlink project to extend and upgrade key bus routes within the Glasgow city centre began in February this year. This part of the development, valued at £3.14 million extend Fastlink within the City Centre delivering further bus priority measures and improve passenger facilities.

This latest stage of the project will deliver further journey time savings for Fastlink services and crucially most other bus services operating in the city centre.

With more than 180 buses per hour and tens of thousands passengers per day, Union Street will be transformed with state of the art passengers facilities, high quality shelters, real-time information displays, high access kerbs for easy boarding and widened footpaths along with upgraded street lighting.

Preparation of Financial Statements

The financial statements demonstrate SPT's 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 2016/17* 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.

There remains an outstanding legislative matter relating to the preparation of the financial statements. A technical bulletin, issued by Audit Scotland, in June 2007 suggests that the Transport (Scotland) Act 2005 does not permit RTP's, including SPT, to generate a surplus or deficit on the general fund and hence to add to reserves. Reserves and fund balances are a critical tool in the financial plans of any organisation to ensure it is in a position to respond to unexpected events and circumstances. SPT is therefore relying on the former powers transferred under the Act to hold and utilise reserves. However, according to the technical bulletin and the opinion of Audit Scotland, SPT cannot contribute to reserves. SPT, having taken legal advice does not agree with the view suggested by Audit Scotland, given that the powers of SPTA and SPTC were transferred to SPT, but again in 2016/17 has prepared the financial statements in accordance with the position expressed by Audit Scotland. The view that SPT cannot add to reserves impacts on strategic financial planning and limits SPT's ability to plan and prepare for replacement and repair funds, which is considered to be best practice. SPT continues to press the Scottish Government for the legislative change which is deemed necessary to resolve the issue as a matter of urgency.

Pages 14 to 21 of the financial statements set out the accounting policies adopted by SPT in the preparation of the financial statements to ensure that the financial statements give a 'true and fair view' of SPT's financial position.

Financial Review

SPT's Expenditure and Funding Analysis Statement on page 22 shows the year-end financial outturn by service, which is reconciled back to the figures within the Comprehensive Income and Expenditure Statement (CIES) on page 23. The CIES shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. The current economic environment continues to put pressure on various elements of funding and service costs. However, efficiency plans implemented over the last five years, and again in 2016/17 ensured that SPT services were delivered within budget and available funding. SPT continues to make plans for responding to any further reductions in public sector funding.

SPT's net revenue budget was set at £38.418 million, of which £37.381 million was financed by requisition from the 12 local authority partners in the SPT area and £1.037 million was financed by Scottish Government direct grants. Requisition and Scottish Government grant was received as budgeted for and no draw on reserves was required within the year. As in 2015/16 a contribution to the Subway Fund was planned for 2016/17, in accordance with the Subway Modernisation Business Case submitted to the Scottish Government, and has been generated. However, until the matter relating to the holding of reserves is resolved this contribution is deemed to be "Receipts in Advance". A contribution of £11.517 million (2015/16: £10.586 million) was made during the year. In line with the planned Subway capital programme £17.087 million (2015/16: £16.969 million) of the 'Receipts in Advance' was utilised in 2016/17 resulting in a balance of £18.991 million (2016: £24.560 million). The current balance of £18.991 million is split between short term creditors £17.116 million and long term creditors £1.875 million. The balance is in line with the agreed funding case approved by the Scottish Government.

Balance Sheet

SPT's balance sheet is shown on page 24 of the financial statements and provides details of SPT's assets and liabilities as at 31 March 2017. Explanatory notes are also provided.

Cash Flow Statement

The Cash Flow Statement on page 25 of the financial statements summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes during the year.

Total Movement in Reserves

The movement in reserves statement on page 26 of the financial statements shows the movement in revenue and capital reserves held by SPT as at 31 March 2017. The major movements in reserves in the year are: a £5.010 million reduction in the Capital Grants Unapplied Account; a £28.122 million increase in the Capital Adjustment Account; a £6.114 million increase in the Revaluation Reserve; and a £20.684 million reduction in the Pension Reserve.

The reduction in the Capital Grants Unapplied Account relates to the use of this reserve as a source of funding in the year for new capital expenditure.

Capital Expenditure

SPT receives a specific grant from the Scottish Government to fund capital investment, although it does have the facility and powers to undertake prudential borrowing. SPT has not supplemented the direct government grant with borrowing during the financial year.

Details of capital expenditure are provided in note 23 (page 49 of the financial statements). Total expenditure in support of the programme amounted to £59.648 million (2015/16: £54.594 million). The programme was funded by: £16.074 million of Scottish Government general capital grant; £21.758 million Scottish Government specific capital grant in support of Subway Modernisation; £2.736 million Scottish Government specific capital grant in support of the Fastlink project; £0.194 million other grants and contributions; and a revenue contribution to the capital programme of £18.886 million (£16.969 million Subway Fund utilised).

A funding swap arrangement entered into with other Regional Transport Partnerships in 2007/08 has not yet crystallised and £1.564 million remains outstanding. This will be returned at a time agreed between the respective bodies.

Valuation of Non-current Assets

In 2016/17 properties were revalued in accordance with the Code, resulting in an increase of £7.519 million to the Revaluation Reserve (see note 7, Balance sheet – Unusable Reserves) and revaluation losses of £4.934 million charged to the Comprehensive Income and Expenditure Statement (CIES).

As a result of the Subway Modernisation programme, an annual review has been instigated of all Subway assets to determine if any would be rendered obsolete ahead of their scheduled useful life by the planned investment in new assets. This review also incorporates non subway fixed assets. As a result, in 2016/17, impairment losses of £0.873 million have been charged to the CIES in respect of subway station buildings and the bus operations fleet.

Pension Assets and Liabilities

The common position for employers participating in the Strathclyde Pension Fund is that the International Accounting Standard 19 (IAS19), 'Retirement Benefits' calculation (page 37 of the financial statements) is based on a snapshot valuation as at 31 March 2017, which shows a deficit of £49.657 million (£29.973 million deficit, 2015/16).

Membership of the Partnership

Details of the Members of the Partnership at 31 March 2017 are shown on page 2 of the financial statements.

Approved on behalf of Strathclyde Partnership for Transport and signed on their behalf.

Martin Bartos
Chair
xx xxxx 2017

Gordon MacLennan
Chief Executive
xx xxxx 2017

Valerie Davidson
Assistant Chief Executive (Business Support)
xx xxxx 2017

Statement of Responsibilities

The Partnership's responsibilities

The Partnership is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Partnership, that officer is the Assistant Chief Executive (Business Support);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Assistant Chief Executive's (Business Support) responsibilities

The Assistant Chief Executive (Business Support) is responsible for the preparation of the Partnership's statement of accounts in accordance with proper practice as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ("the Code of Practice").

In preparing this statement of accounts, the Assistant Chief Executive (Business Support) has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting in the UK;
- kept proper accounting records that were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Martin Bartos

Chair

xx xxxx 2017

Valerie Davidson

Assistant Chief Executive (Business Support)

xx xxxx 2017

Annual Governance Statement and Statement of Financial Control

Scope of the Governance Framework

Strathclyde Partnership for Transport (SPT) has established governance arrangements that are consistent with the seven (7) principles for good governance outlined in the *'Delivering good governance in local government: Framework 2016'* published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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 *Delivering good governance in local government: Framework 2016* (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.

Amendments to the Standing Orders Relating to Contracts, to reflect the Procurement Reform Act (Scotland) 2014, were approved by the Partnership at its meeting of 9 December 2016.

The Procurement Strategy 2016/18 was approved by the Partnership at its meeting of 9 December 2016.

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 SPT 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 in accordance with the Publication scheme.

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 2016/17 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 is subject to review and Partnership approval in 2017/18.

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, Digital transformation, 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 members 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.

The Scheme of Delegated Functions was reviewed and updated in 2016/17 to reflect organisational change.

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.

Amendments to the Financial Regulations were approved by the Partnership at its meeting of 9 December 2016.

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 (i.e. Annual statement on sustainable economic growth and Public Services Reform (Scotland) Act 2010 statements) 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. SPT has a Facebook and Twitter accounts.

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) shall be responsible for the financial affairs of the Partnership and act as adviser to the Partnership and all committees.

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 2016/17 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 capital and revenue budgeting systems integrated with service planning;
- a regime for regular reporting to the Partnership and committees of periodic and annual 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 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 2016/17 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, business improvement processes or as part of the external scrutiny process.

Martin Bartos

Chair

xx xxxx 2017

Gordon MacLennan

Chief Executive

xx xxxx 2017

DRAFT

Accounting Policies

General Principles

The financial statements for the year ended 31 March 2017 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 2016/17 (the Code) and the Service Reporting Code of Practice 2016/17 (SeRCOP). 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 SPT for 2016/17.

The accounting concepts of 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements' have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that SPT will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict the latter shall apply.

The accounting convention adopted in the financial statements is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1. Basis of preparation

The accruals concept requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.

- **Revenue income and debtors**

All transactions relating to the period to 31 March 2017 have been matched and accounted for in the period to which they relate. Government grants and other contributions are accounted for on an accruals basis and are recognised as income when the conditions of entitlement have been satisfied and there is reasonable assurance that the monies will be received.

- **Revenue expenditure and creditors**

Sundry creditors are accrued on the basis of payments made following 31 March 2017 relating to goods or services received in the year together with specific accruals in respect of further material items.

- **Capital transactions**

All capital transactions have been recorded on an accruals basis. All specific capital debtors and creditors have been accounted for.

2. Service Reporting Code of Practice (SeRCOP)

The Comprehensive Income and Expenditure Statement (CIES) has been presented in accordance with the requirements of the SeRCOP. The CIES presents expenditure analysed to reflect the key operations of SPT, which is in accordance with SeRCOP.

3. Leases and Lease Type Arrangements

Finance Leases

Leases are accounted for as finance leases when substantially all the risks and rewards relating to the leased asset transfer to the lessee. Finance leases have a number of characteristics, however, SPT has determined the principal factor in defining a lease as a finance lease to be where the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. At present SPT has no finance leases.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the CIES as an expense of the services benefitting from use of the leased property, plant and

equipment. Charges are made on a straight-line basis over the term of the lease.

Where SPT grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

4. Employee Benefits

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as, wages and salaries and paid annual leave for current employees, are recognised as an expense in the year in which the employee renders service to SPT. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements earned by employees but not taken before the year end and which employees can carry forward to 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 out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

5. Termination Benefits

Termination benefits are amounts payable as a result of a decision by SPT to terminate an officer's employment before the assumed normal retirement date or an officer's decision to accept a voluntary termination package in exchange for those benefits. Termination benefits do not provide SPT with future economic benefits and consequently they are recognised on an accruals basis immediately in the Surplus or Deficit on the Provision of Services line in the CIES when the Partnership is demonstrably committed to provision of the termination benefits.

Where termination benefits involve the enhancement of pensions, they are treated as pension costs for the purposes of the statutory transfer between the Pension Reserve and the General Fund of the amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements 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.

6. Retirement Benefits

SPT participates in the Strathclyde Pension Fund, which is a Local Government Pension Scheme.

The Local Government Scheme is accounted for as a defined benefits scheme as follows:

- attributable assets are measured at fair value at the balance sheet date after deducting accrued expenses. Liabilities of the Strathclyde Pension Fund attributable to SPT are included in the Balance sheet on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. Net pension assets are recognised only to the extent that SPT is able to recover a surplus either through reduced contributions in the future or through refunds from the scheme. Unpaid contributions to the schemes are recorded as creditors due within one year.

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities as a result of the year of service earned this year – allocated in the CIES 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 CIES;

- net interest on the net defined benefit liability (asset), i.e. net interest expense for SPT – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
- contributions paid to the Strathclyde 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 SPT 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.

Further details of Pension Costs can be found in note 14 on pages 37 to 42.

7. Stocks for repair and maintenance

Stocks are stated at the lower of cost or net realisable value.

8. Allocation of overheads

The costs of overhead and support services have not been charged to those that benefit from the supply or service. Overhead costs are contained within the categories Business Support and Corporate on the face of the CIES.

9. Debt redemption, interest charges and debt management expenses

In the event of SPT borrowing, repayment of debt is based on the annuity method of repayment. All loan charges are charged to the CIES.

10. Investments

Surplus cash balances are invested with major financial institutions as part of SPT’s treasury management function. In compliance with the ‘CIPFA Prudential Code for Capital Finance in Local Authorities (2011)’, SPT has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in Public Services Code. All interest received is shown on the face of the CIES.

11. Bank balances

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

12. 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. Cash equivalents are investments that mature in three months or less from the date of acquisition or balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value. Bank balances are included in the balance sheet at the closing balance in the SPT ledger.

13. Provisions and Contingent Liabilities

Provisions are made where SPT has a present obligation, either legal or constructive, as a result of a past event that results in probable outflow of resources embodying economic benefits or service potential being required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES Statement in the year that SPT becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Where the effect of the time value of money is material, the amount of the provision recognised is the present value of the expenditure expected to be required to settle the obligation.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is improbable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

14. Value Added Tax (VAT)

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from them i.e. VAT has a neutral impact on SPT's income and expenditure.

15. Usable and Unusable 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 CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement.

The General Fund, Capital Grants Unapplied and Capital Receipts Reserve represent cash funds that are available to SPT.

Unusable reserves represent non cash funds that are not available to SPT. These balances are recognised as part of the accounting arrangements for capital, pensions and employee benefits. The Capital Adjustment Account contains entries relating to the financing of capital expenditure and the Revaluation Reserve reflects movement in the value of assets. The Pension Reserve has been set up in accordance with the accounting requirements of International Accounting Standard, IAS 19 'Employee Benefits'. The Employee Statutory Adjustment Account has been created to negate the impact of the employee benefits accrual on the General Fund.

16. Capital Grant

Capital grants or contributions are recognised immediately in the CIES, subject to the fulfilment of any grant conditions. Where grant conditions have not been met, the grant will be accounted for as capital grant receipts in advance on the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is charged to the Capital Grants Unapplied Account. Where it has been applied, it is charged to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

17. Intangible assets

Expenditure on non-monetary assets that do not have physical substance, but are identifiable and controlled by SPT are capitalised when they bring benefits to SPT for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the asset to reflect the pattern of consumption of benefits. All SPT intangible assets have a finite life.

18. Property Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to SPT and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of SPT. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by SPT.

Assets are then carried in the Balance Sheet using the following measurement bases:

- rolling stock, infrastructure, plant and machinery and sundry assets - depreciated historical cost;
- land and buildings – depreciated replacement cost or existing useful life; and
- all other assets – fair value, existing use value (EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Land and buildings were revalued by SPT's valuer as at 31 March 2017 and will be revalued in accordance with the valuer's 5 year programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, the revaluation loss is accounted as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Surplus or Deficit on the Provision of Services in the CIES. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Surplus and Deficit on the Provision of Services in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce SPT's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against general funding, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

Category	Valuer	Current Basis of Valuation	Date of Last Valuation	Useful Life
Land & Buildings	External Valuer	Lower of net current replacement cost or net realisable value in existing use	31/03/2017	Land - Not Applicable Buildings - 100 years
Plant & Machinery	Not applicable	Cost	N/A	1-30 years
Rolling Stock and Vehicles	Not applicable	Cost	N/A	1-25 years
Infrastructure	Not applicable	Cost	N/A	10-40 years
Sundry Assets	Not applicable	Cost	N/A	1-40 years
Third Party Rolling Stock	Not applicable	Cost	N/A	20 years
Third Party Public Transport Assets	Not applicable	Cost	N/A	Fully depreciated in year of acquisition.
Non – Operational Assets				
Assets Under Construction	Not applicable	Cost	N/A	N/A
Investment Properties	External Valuer	Market Value	31/03/2017	N/A
Land (non-operational)	Not applicable	Market Value	N/A	N/A

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Where internal staff costs are capitalised they are fully depreciated in the year incurred or whenever transferred out of Assets Under Construction, whichever is the earlier.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Investment properties

Investment properties include retail outlets contained within assets owned by SPT and other land and buildings, which are leased to third parties. The assets are valued annually at Fair Value (FV) in line with the guidance contained within the Code. The valuation method used is the market approach, which utilises prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. This method of valuation corresponds with level 2 on the fair value hierarchy. Movements in valuations are initially recognised in the CIES, but are reversed through the movement in reserves statement before being posted to the capital adjustment account.

19. Related party transactions

Related party transactions are identified, considered and disclosed in line with the requirements of International Accounting Standard 24 - Related Party Disclosures (IAS 24).

20. Financial instruments

Loans and Receivables and Loans Payable are carried at amortised cost on the Balance Sheet. Available-for-sale investments are carried at fair value based on quoted market price. Premiums and discounts arising from debt restructuring are written off through the Movement in Reserves Statement to the Financial Instruments

Adjustment Account. Amortisation is undertaken of up to 5 or 20 years depending on the nature of the premium or discount and in line with statutory instruction.

The interest receivable or payable that is recognised within Financing and Investment Income and Expenditure is based on the effective interest rate chargeable to the carrying amount.

There are two accounting reserves arising from the re-measurement of financial instruments:

- (i) The Available-for-sale Financial Instruments Reserve holds the gains or losses arising from the policy of carrying the available-for-sale investments at fair value;
- (ii) The Financial Instruments Adjustment Account holds the accumulated difference between the financing costs included in the CIES and the accumulated financing costs required in accordance with the regulations to be charged to the General Fund Balance.

21. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where SPT has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged.

Revenue expenditure funded from capital is predominantly grants to other bodies to fund capital projects. The expenditure is recognised within the CIES, when the grant is approved by committee or in accordance with grant conditions.

22. Heritage Assets

Heritage assets are held or maintained principally for their contribution to knowledge and culture. They are initially recognised at cost if this is available. If cost is not available, values are only included in the Balance Sheet where the cost of obtaining valuation is not disproportionate to the benefit derived. Where no market exists or the asset is deemed to be unique, and it is not practicable to obtain a valuation, the asset is not recognised in the Balance Sheet but disclosed in the notes to the accounts.

Heritage assets are depreciated over their useful life if this can be established. If an asset is considered to have an indefinite life, no depreciation is charged. Disposals, revaluation gains and losses and impairments of heritage assets are dealt with in accordance with the SPT's policies relating to property, plant and equipment.

The cost of maintenance and repair of heritage assets is written off in the year incurred.

23. Carbon Reduction Commitment Scheme

SPT is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the third year of its second phase, which ends on 31 March 2019. SPT is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

24. Accounting Standards Issued Not Adopted

There are no accounting standards that have been issued, but not yet adopted that will have a material impact on the accounts.

Expenditure and Funding Analysis Statement for the year ended 31 March 2017

2015/16			2016/17			
Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net expenditure in the Comprehensive Income and Expenditure Statement £000
(139)	9,080	8,941	Subway operations	2,246	15,864	18,110
16,463	3,189	19,652	Bus operations	16,131	3,507	19,638
1,728	98	1,826	Operations - Other	1,476	122	1,598
3,252	426	3,678	Business Support	2,921	133	3,054
17,114	8,902	26,016	Corporate	15,644	1,681	17,325
38,418	21,695	60,113	Cost Of Services	38,418	21,307	59,725
(38,418)	(32,202)	(70,620)	Other Income and Expenditure	(38,418)	(42,872)	(81,290)
0	(10,507)	(10,507)	(Surplus) or Deficit	0	(21,565)	(21,565)
(12,526)			Opening General Fund Balance	(11,169)		
1,357			Less (Surplus)/Deficit on General Fund	0		
(11,169)			Closing General Fund Balance	(11,169)		

Comprehensive Income and Expenditure Statement for the year ended 31 March 2017

2015/16 (Restated)*			2016/17		
Gross Expenditure £000	Gross Income £000	Net Expenditure of Continuing Operations £000	Gross Expenditure £000	Gross Income £000	Net Expenditure of Continuing Operations £000
27,802	(18,861)	8,941	34,995	(16,885)	18,110
23,122	(3,470)	19,652	23,298	(3,660)	19,638
1,826	0	1,826	1,598	0	1,598
3,678	0	3,678	3,054	0	3,054
27,398	(1,382)	26,016	18,575	(1,250)	17,325
83,826	(23,713)	60,113	81,520	(21,795)	59,725
		(1,092)			(829)
		(69,528)			(80,461)
		(10,507)			(21,565)
		(1,830)			(9,959)
		(12,604)			18,651
		1,739			4,255
		(23,202)			(8,618)

*The 2015/16 Cost of Service figures have been restated to take account of a change in the Code, which has resulted in overheads no longer being apportioned to direct services. There is no overall change to the bottom line, which is still £60.113 million.

Balance Sheet as at 31 March 2017

31 March 2016 £000		Note	31 March 2017 £000
146,483	Property, Plant & Equipment	22	180,790
6,342	Investment Properties	19	5,363
0	Assets Held for Sale	25	950
617	Intangible Assets	20	575
5	Investments in Joint Ventures and Associates	33	5
153,447	Long Term Assets		187,683
41,660	Short Term Investments		65,331
319	Inventories	26	434
8,839	Short Term Debtors	27	7,847
54,804	Cash and Cash Equivalents	12	21,616
105,622	Current Assets		95,228
(40,576)	Short Term Creditors	28	(41,892)
(633)	Provisions	30	(1,792)
(41,209)	Current Liabilities		(43,684)
0	Provisions	30	0
(9,810)	Long Term Creditors	29	(1,875)
(28,973)	Other Long Term Liabilities (Pensions)	14	(49,657)
(38,783)	Long Term Liabilities		(51,532)
179,077	Net Assets		187,695
(62,202)	Usable reserves	6	(57,292)
(116,875)	Unusable Reserves	7	(130,403)
(179,077)	Total Reserves		(187,695)

The unaudited financial statements were issued on XX XXXX 2017 and the audited financial statements were authorised for issue on XX XXX 2017.

Valerie Davidson

Assistant Chief Executive (Business Support)

xx xxxx 2017

Cash Flow Statement for the year ended 31 March 2017

2015/16 £000		2016/17 £000
(10,507)	Net surplus on the provision of services	(21,565)
(41,652)	Adjust net surplus or deficit on the provision of services for non cash movements (note 6)	(28,970)
787	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	630
(787)	Net cash flows from Operating Activities (note 9)	(630)
43,966	Net cash flows from Investing Activities (note 10)	83,219
0	Net cash flows from Financing Activities (note 11)	504
<u>(8,193)</u>	Net increase in cash and cash equivalents	<u>33,188</u>
46,611	Cash and cash equivalents at the beginning of the reporting period	54,804
54,804	Cash and cash equivalents at the end of the reporting period (note 12)	21,616
<u>(8,193)</u>		<u>33,188</u>

Movement in Reserves Statement 2016/17

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	STACA Statutory Mitigation Account £000	Total Unusable Reserves £000	Total Partnership Reserves £000
Balance at 31 March 2016	(11,169)	(22,872)	(28,161)	(62,202)	(95,395)	(50,566)	28,973	113	(116,875)	(179,077)
Movement in reserves during 2016/17										
Surplus on provision of services	(21,565)	0	0	(21,565)	0	0	0	0	0	(21,565)
Other comprehensive income and expenditure	0	0	0	0	0	(6,208)	18,651	0	12,443	(12,443)
Total Comprehensive I&E	(21,565)	0	0	(21,565)	0	(6,208)	18,651	0	12,443	(9,122)
Adjustments between accounting basis and funding basis under regulations (note 3)	21,565	(100)	4,506	25,971	(28,028)	0	2,033	24	(25,971)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	0	(100)	4,506	4,406	(28,028)	(6,208)	20,684	24	(13,528)	(9,122)
Transfers (to)/from Earmarked Reserves	0	0	504	504	(94)	94	0	0	0	504
(Increase)/Decrease in 2016/17	0	(100)	5,010	4,910	(28,122)	(6,114)	20,684	24	(13,528)	(8,618)
Balance at 31 March 2017 carried forward	(11,169)	(22,972)	(23,151)	(57,292)	(123,517)	(56,680)	49,657	137	(130,403)	(187,695)

Comparative figures for year ended 31 March 2016

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Capital Adjustment Account £000	Revaluation Reserve £000	Pension Reserve £000	STACA Statutory Mitigation Account £000	Total Unusable Reserves £000	Total Partnership Reserves £000
Balance at 31 March 2015	(12,526)	(22,815)	(34,125)	(69,466)	(75,053)	(50,475)	38,987	132	(86,409)	(155,875)
Movement in reserves during 2015/16										
Surplus on provision of services	(10,507)	0	0	(10,507)	0	0	0	0	0	(10,507)
Other comprehensive income and expenditure	0	0	0	0	0	(91)	(12,604)	0	(12,695)	(12,695)
Total Comprehensive I&E	(10,507)	0	0	(10,507)	0	(91)	(12,604)	0	(12,695)	(23,202)
Adjustments between accounting basis and funding basis under regulations (note 3)	11,864	(57)	5,964	17,771	(20,342)	0	2,590	(19)	(17,771)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	1,357	(57)	5,964	7,264	(20,342)	(91)	(10,014)	(19)	(30,466)	(23,202)
Transfers (to)/from Earmarked Reserves	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease in 2015/16	1,357	(57)	5,964	7,264	(20,342)	(91)	(10,014)	(19)	(30,466)	(23,202)
Balance at 31 March 2016 carried forward	(11,169)	(22,872)	(28,161)	(62,202)	(95,395)	(50,566)	28,973	113	(116,875)	(179,077)

Notes to the Financial Statements

1A. Note to the Expenditure and Funding Analysis Statement (2016/17) – Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

	Adjustments for Capital Purposes £000	Net change for the Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Subway operations	15,288	494	82	15,864
Bus operations	2,680	251	576	3,507
Operations - Other	0	122	0	122
Business Support	0	133	0	133
Corporate	656	34	991	1,681
Cost Of Services	18,624	1,034	1,649	21,307
Other income and expenditure from the Expenditure and Funding Analysis	(36,598)	999	(7,273)	(42,872)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus on the Provision of Services	(17,974)	2,033	(5,624)	(21,565)

Comparative Information for 2015/16

	Adjustments for Capital Purposes £000	Net change for the Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Subway operations	8,460	544	76	9,080
Bus operations	2,454	296	439	3,189
Operations - Other	0	98	0	98
Business Support	0	426	0	426
Corporate	7,392	0	1,510	8,902
Cost Of Services	18,306	1,364	2,025	21,695
Other income and expenditure from the Expenditure and Funding Analysis	(12,781)	1,226	(20,647)	(32,202)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus on the Provision of Services	5,525	2,590	(18,622)	(10,507)

1B. Segmental Income

Income received on a segmental basis is analysed below:

	2015/16 Income from Services £000	2016/17 Income from Services £000
Subway operations	(18,937)	(16,967)
Bus operations	(3,908)	(4,235)
Corporate	(2,913)	(2,218)
Total income analysed on a segmental basis	(25,758)	(23,420)

Please note the figures provided above show core SPT income for services and differs from the CIES as items such as rental income and interest received which are shown after net cost of services are included above.

2. Expenditure and Income Analysed by Nature

2015/16 £000		2016/17 £000
	Expenditure	
22,364	Employee costs	23,402
5,934	Premises costs	5,427
2,670	Supplies and services	2,146
396	Transport and plant	237
16,611	Third party payments	17,333
14,019	Financing costs (including impairments)	24,131
21,439	Grant Fund to Local Authorities and Others	8,396
1,226	Pension interest (income) / cost and expected return on pension assets	999
84,659	Total Expenditure	82,071
	Income	
(23,154)	Government grants	(37,290)
(46,374)	Other grants, reimbursements & contributions	(43,145)
(24,851)	Customer and client receipts	(22,571)
(787)	Financing and investment income	(630)
(95,166)	Total Income	(103,636)
(10,507)	Surplus on Provision of Services	(21,565)

**3. Movement in Reserves Statement (2016/17) –
Adjustments between Accounting Basis and Funding Basis under Regulations**

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Capital Movement in Unusable Reserves £000	Total £000
Adjustments involving the Capital Adjustment Account:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation	(18,821)	0	0	18,821	0
Impairment of Property, Plant & Equipment	(873)	0	0	873	0
Revaluation reserve written out with depreciation	1,311	0	0	(1,311)	0
Revaluation losses on Property, Plant & Equipment	(4,934)	0	0	4,934	0
Movements in the fair value of Investment Properties	421	0	0	(421)	0
Amortisation of Intangible Assets	(215)	0	0	215	0
Capital grants and contributions applied to capital financing	36,228	0	0	(36,228)	0
Revenue expenditure funded from capital under statute	(8,396)	0	0	8,396	0
Amounts of non-current assets written off on disposal	(113)	0	0	113	0
Insertion of items not debited or credited to the CIES:					
Capital expenditure charged against the General Fund balances	18,887	0	0	(18,887)	0
Adjustments involving the Capital Receipts Reserve					
Transfer of sale proceeds credited to the CIES	100	(100)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure					
Adjustment involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the CIES	27	0	(27)	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	4,533	(4,533)	0
Adjustments involving the Pensions Reserve:					
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES (see note 14)	(2,033)	0	0	2,033	0
Adjustments involving the Accumulating Compensated Absences Adjustment Account:					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(24)	0	0	24	0
Total Adjustments (1)	21,565	(100)	4,506	(25,971)	0
Opening General Fund balance 1 April 2016	(11,169)				
Surplus on CIES	(21,565)				
Total Adjustments as (1) above	21,565				
Closing General Fund balance 31 March 2017	(11,169)				

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by SPT in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to SPT to meet future capital and revenue expenditure.

**3. Movement in Reserves Statement –
Adjustments between Accounting Basis and Funding Basis under Regulations (continued)**

Comparative Information for 2015/16

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Capital Movement in Unusable Reserves £000	Total £000
Adjustments involving the Capital Adjustment Account:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation	(11,695)	0	0	11,695	0
Impairment of Property, Plant & Equipment	(1,469)	0	0	1,469	0
Revaluation reserve written out with depreciation	1,371	0	0	(1,371)	0
Movements in the fair value of Investment Properties	(1,202)	0	0	1,202	0
Amortisation of Intangible Assets	393	0	0	(393)	0
Revaluation reserve adjustment	(191)	0	0	191	0
Capital grants and contributions applied to capital financing	24,511	0	0	(24,511)	0
Revenue expenditure funded from capital under statute	(21,439)	0	0	21,439	0
Amounts of non-current assets written off on disposal	(20)	0	0	20	0
Insertion of items not debited or credited to the CIES:					
Capital expenditure charged against the General Fund balances	23,922	0	0	(23,922)	0
Adjustments involving the Capital Receipts Reserve					
Transfer of sale proceeds credited to the CIES	157	(157)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	100	0	(100)	0
Adjustment involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the CIES	97	0	(97)	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	6,061	(6,061)	0
Adjustments involving the Pensions Reserve:					
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES (see note 14)	(2,590)	0	0	2,590	0
Adjustments involving the Accumulating Compensated Absences Adjustment Account:					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	19	0	0	(19)	0
Total Adjustments (1)	11,864	(57)	5,964	(17,771)	0
Opening General Fund balance 1 April 2015	(12,526)				
Surplus on CIES	(10,507)				
Total Adjustments as (1) above	11,864				
Closing General Fund balance 31 March 2016	(11,169)				

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by SPT in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to SPT to meet future capital and revenue expenditure.

4. Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

2015/16 £000		2016/17 £000
1,226	Pensions interest cost and expected return on pensions assets	999
(394)	Revaluation of Investment Property	(421)
(1,137)	Net rental income	(777)
(787)	Interest receivable and similar income	(630)
(1,092)	Total	(829)

5. Comprehensive Income and Expenditure Statement – Taxation and Non Specific Grant Incomes

2015/16 (Restated)* £000		2016/17 £000
(43,763)	Funding received as requisition from constituent local authorities	(42,951)
(17,105)	Scottish Government Revenue Grant	(6,873)
(2,323)	European Revenue Grant	0
(331)	Other Revenue Grant	(30)
(6,000)	Scottish Government Capital Grant	(30,523)
(6)	European Capital Grant	(19)
0	Other Capital Grant	(65)
(69,528)	Total	(80,461)

All of the above grants were credited to the "Taxation and Non-specific Grant Income" line on the Comprehensive Income and Expenditure Account. Not all of the Scottish Government - Capital Grant was applied during the year and therefore £0.027 million (2015/16: £0.097 million) was transferred to the Capital Grants Unapplied Account, within usable reserves (see Movement in Reserves Statement, page 26).

*Capital grant that was utilised to fund Revenue expenditure funded from capital under statute has been reclassified as capital grant. The overall Taxation and Non Specific Grants Income figures remain unchanged at £69.528m.

6. Balance Sheet – Usable Reserves

Movements in SPT's usable reserves are detailed in the Movement in Reserves Statement.

7. Balance Sheet – Unusable Reserves

31 March 2016 £000		31 March 2017 £000
(50,566)	Revaluation Reserve	(56,680)
(95,395)	Capital Adjustment Account	(123,517)
28,973	Pensions Reserve	49,657
113	Accumulating Compensated Absences Adjustment Account	137
(116,875)	Total Unusable Reserves	(130,403)

7. Balance Sheet – Unusable Reserves (continued)

Revaluation Reserve

The Revaluation Reserve contains the gains made by SPT arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2015/16 £000		2016/17 £000
(50,475)	Opening Balance	(50,566)
(1,830)	Upward revaluation of assets	(9,958)
368	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,439
1,371	Revaluation reserve written out with depreciation	1,311
0	Transfer to capital adjustment account	94
(50,566)	Closing Balance	(56,680)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by SPT as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by SPT.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

7. Balance Sheet – Unusable Reserves (continued)

Note 5 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2015/16 £000		2016/17 £000
(75,053)	Opening Balance	(95,395)
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
11,695	Charges for depreciation	18,821
1,469	Impairment of Property, Plant & Equipment	873
(1,371)	Revaluation reserve written out with depreciation	(1,311)
1,202	Revaluation losses on Property, Plant & Equipment	4,934
(393)	Movements in the fair value of Investment Properties	(421)
191	Amortisation of Intangible Assets	215
(24,511)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(36,228)
21,439	Revenue expenditure funded from capital under statute	8,396
20	Amounts of non-current assets written off on disposal	113
	Capital financing applied in the year:	
(23,922)	Capital Financed from Revenue	(18,887)
(100)	Transfer from Capital Receipts Reserve	0
(6,061)	Transfer from Capital Grants Unapplied Account	(4,533)
	Transfers to/(from) Earmarked Reserves:	
0	Revaluation Reserve	(94)
<u>(95,395)</u>	Closing Balance	<u>(123,517)</u>

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. SPT accounts for post employment benefits in the CIES 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 SPT makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources SPT has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2015/16 £000		2016/17 £000
38,987	Opening Balance	28,973
(12,604)	Actuarial gains or losses on pensions assets and liabilities	18,651
6,095	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	5,251
(3,505)	Employer's pensions contributions and direct payments to pensioners payable in the year	(3,218)
<u>28,973</u>	Closing Balance	<u>49,657</u>

7. Balance Sheet – Unusable Reserves (continued)

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.

2015/16 £000		2016/17 £000
132	Opening Balance	113
(19)	Settlement or cancellation of accrual made at the end of the preceding year	0
0	Amounts accrued at the end of the current year	24
113	Closing Balance	137

8. Cash Flow Statement – Non Cash Movements

2015/16 £000		2016/17 £000
(11,695)	Depreciation (note 3)	(18,821)
(1,469)	Asset impairments (note 3)	(873)
1,371	Revaluation reserve released (note 3)	1,311
(1,202)	Revaluation losses on Property, Plant and Equipment	(4,934)
393	Revaluation of investment property (note 3)	421
(191)	Amortisation of intangible fixed assets (note 3)	(215)
(2,590)	Credit for retirement benefits (note 3)	(2,033)
137	Gain / (loss) on asset disposal (note 3)	(13)
108	(Increase) / decrease in provisions for liabilities and charges	(1,159)
(21,439)	Revenue expenditure funded from capital (note 3)	(8,396)
	Accruals adjustments:	
141	(Decrease) / increase in inventory	115
(21,313)	(Decrease) / increase in debtors	(986)
16,097	Increase in creditors	6,613
(41,652)	Net cash inflow from revenue activities	(28,970)

9. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2015/16 £000		2016/17 £000
(787)	Interest received (note 4)	(630)
(787)	Net cash flow from operating activities	(630)

10. Cash Flow Statement – Investing Activities

2015/16 £000		2015/16 £000
54,594	Purchase of property, plant and equipment, investment property, intangible assets and grants	59,648
(10,471)	Other payments for investing activities	23,671
(157)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(100)
43,966	Net cash flows from investing activities	83,219

11. Cash Flow Statement – Financing Activities

2015/16 £000		2016/17 £000
0	Repayments of short-term and long-term borrowing	0
0	Other payments for financing activities	504
0	Net cash flows from financing activities	504

12. Cash Flow Statement – Cash and Cash Equivalents

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

2015/16 £000		2016/17 £000
54,804	Bank current accounts	21,616
54,804	Total cash and cash equivalents	21,616

13. External Audit Costs

SPT has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by SPT's external auditor.

2015/16 £000		2016/17 £000
65	Fees payable with regard to external audit services carried out by the appointed auditor for the year	69
0	Fees payable for additional services	0
65	Total	69

14. Defined Benefit Pension Schemes

Participation in pension schemes

The post employment scheme for employees is the Local Government Pension Scheme (LGPS), and is administered in the west of Scotland by Glasgow City Council in respect of all local authorities and admitted bodies in the former Strathclyde area. This is a multi-employer scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. Employer's liabilities can be evaluated directly by the Actuary at any time on membership data. Individual employer assets have been apportioned to each employer since 2002. Prior to that date, each employer was considered to have the same funding as the whole Fund.

Benefits

- It is a defined benefit Career Average Revalued Earnings (CARE) scheme (defined benefit final salary scheme prior 1st April 2015), meaning that SPT and employees pay contributions into a fund, calculated at a level to balance the pensions liability with investment assets.
- The pensions accrual rate guarantees a pension based on 1/49th of average pensionable salary and years of pensionable services (Prior to 2015, the accrual rate was 1/60th of final pensionable salary and years of pensionable services and prior to 2009, the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.). There is no automatic entitlement to a lump sum for the current scheme. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance act 2004. The scheme's normal retirement age for most members is 65, however it is based on state pension age. Pensions are increased annually in line with changes to the Pensions (Increases) Act 1971 and Section 59 of the Social Security Pensions Act 1975.

Governance

- The Strathclyde Pension Fund is operated under the regulatory framework for the LGPS in Scotland and the governance of the scheme is the responsibility of the Strathclyde Pension Fund Committee. This committee is comprised solely of elected members of Glasgow City Council. Employing authorities (including SPT) are represented at the Strathclyde Pension Fund Board.
- Policy is determined in accordance with the Local Government Pension Scheme (Scotland) Regulations. Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which selects and appoints a number of external investment managers/partners and monitors their investment performance.
- Under the Regulations, employers fall into three categories, scheme employers (also known as schedule bodies), community admission bodies and transferee admission bodies. Admission agreements are generally assumed to be open-ended. SPT is classed as a scheme employer under regulation. However, either party can voluntarily terminate the admission agreement by giving an appropriate period of notice to the other parties. Any deficit arising from the cessation valuation will usually be levied on the departing admission body as a capital payment.

Principal Risks

- The principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amount due by statute as described in the accounting policy note.

Discretionary Post-employment Benefits

- Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when an award is made. There are no plan assets built up to meet these pension liabilities.

14. Defined Benefit Pension Schemes (continued)

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by SPT's employees, rather than when the benefits are eventually paid as pensions.

The following transactions have been made in the financial statements in 2016/17 and the prior year 2015/16.

	2015/16 £000	2016/17 £000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of Services:		
Service cost comprising		
• current service cost	4,726	4,249
• past service costs (including curtailments)	143	3
• curtailments and unfunded benefits	0	0
Financing and Investment Income and Expenditure		
• net interest expense	1,226	999
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	6,095	5,251
Other Post Employment Benefit Charged to the CIES		
• expected return on scheme assets	1,001	(36,342)
• Re-measurements	(13,605)	54,993
Total Post Employment Benefit Charged to the CIES	(6,509)	23,902
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	2,590	2,033
Actual amount charged against the General Fund Balance for pensions in the year:		
• employers' contributions payable to scheme	3,505	3,218
Pensions Assets and Liabilities Recognised in the Balance Sheet		
The amount included in the Balance Sheet arising from SPT's obligation in respect of its defined benefit plan is as follows:		
	2015/16 £000	2016/17 £000
Present value of scheme liabilities	(214,205)	(273,245)
Fair value of scheme assets	185,232	223,588
Deficit	(28,973)	(49,657)

14. Defined Benefit Pension Schemes (continued)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	2015/16 £000	2016/17 £000
Opening fair value of pension fund assets at 1st April	184,664	185,232
Interest income	5,665	6,230
Re-measurement gains and (losses)		
• The return on plan assets, excluding the amount included in the net interest expense	(1,001)	36,342
Contributions from employers	3,505	3,218
Contributions from employees into the scheme	998	993
Benefits paid	(8,599)	(8,427)
Closing balance at 31st March	185,232	223,588

Reconciliation of Present Value of the Scheme Liabilities

	2015/16 £000	2016/17 £000
Opening balance at 1st April	223,651	214,205
Current service cost	4,726	4,249
Interest cost	6,891	7,229
Contributions by Pension Fund participants	998	993
Re-measurement (gains) and losses:		
• Losses arising from changes in demographic assumptions	0	0
• Losses arising from changes in financial assumptions	(10,537)	54,743
• Other	(3,068)	250
Past service costs (including curtailments)	143	3
Benefits paid	(8,599)	(8,427)
Closing balance at 31st March	214,205	273,245

14. Defined Benefit Pension Schemes (continued)

Analysis of Pension Fund's Assets

SPT's share of the Pension Fund's assets at 31 March 2017 comprised:

	2015/16			2016/17		
	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000	Quoted Prices in Active Markets £000	Prices not quoted in Active Markets £000	Total £000
Equity instruments (by industry type)						
• Consumer	17,368	4	17,372	21,146	1	21,147
• Manufacturing	13,757	120	13,877	16,749	35	16,784
• Energy & utilities	5,458	0	5,458	6,645	0	6,645
• Financial institutions	12,780	1	12,781	15,560	0	15,560
• Health & care	7,468	4	7,472	9,093	1	9,094
• Information technology	10,560	16	10,576	12,856	5	12,861
Sub-total equity	67,391	145	67,536	82,049	42	82,091
Corporate Bonds	0	0	0	0	2	2
UK Property	0	19,899	19,899	0	26,969	26,969
Private equity	0	18,018	18,018	0	18,434	18,434
Other investment funds						
• Equities	1,611	46,469	48,080	2,163	69,723	71,886
• Bonds	0	22,608	22,608	0	12,553	12,553
• Commodities	63	0	63	150	0	150
• Other	0	2,600	2,600	282	2,750	3,032
Sub-total other investment funds	1,674	71,677	73,351	2,595	85,026	87,621
Derivatives						
• Foreign exchange	0	0	0	0	30	30
• Other	45	0	45	19	0	19
Sub-total derivatives	45	0	45	19	30	49
Cash and cash equivalents	6,185	198	6,383	8,050	372	8,422
Total assets	75,295	109,937	185,232	92,713	130,875	223,588

14. Defined Benefit Pension Schemes (continued)

Basis for Estimating Assets and Liabilities

SPT's share of the liabilities of The Strathclyde Pension Fund has been assessed on an actuarial basis using the projected unit method, that estimates the pension that will be payable in future years dependent upon assumptions about mortality rates and salary levels for example.

The Funds liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the Fund.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme

	2015/16	2016/17
Long-term expected rate of return on assets in the scheme:		
Equity investments	3.4%	2.8%
Bonds	3.4%	2.8%
Property	3.4%	2.8%
Cash	3.4%	2.8%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
• Men	22.1	22.1
• Women	23.6	23.6
Longevity at 65 for future pensioners:		
• Men	24.8	24.8
• Women	26.2	26.2
Rate of CPI	2.1%	2.4%
Rate of increase in salaries	4.1%	4.4%
Rate of increase in pensions	2.1%	2.4%
Rate for discounting fund liabilities	3.4%	2.5%
Take-up of option to convert annual pension into retirement lump sum (Pre-April 2009)	50%	50%
Take-up of option to convert annual pension into retirement lump sum (Post-April 2009)	75%	75%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The methods and types of assumption used in preparing the sensitivity analysis below did not change from this used in the previous period.

14. Defined Benefit Pension Schemes (continued)

	Approximate % increase / decrease to Employer Liability	Approximate monetary amount £000
Change in assumptions at 31 March 2017		
0.5% decrease in Real Discount Rate	10%	27,618
0.5% increase in the Salary Increase Rate	4%	9,613
0.5% increase in the Pension Increase Rate	6%	17,122

In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme liabilities as at 31 March 2017 on a varying basis. The approach taken is consistent with that adopted to derive the IAS19 figures contained in this note.

Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into narrow a range. The Fund invests in equities, bonds, properties and in cash.

Impact on the Authority's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's contributions have been set at 19.3% for 2017-18.

The total contributions expected to be made by SPT to Strathclyde Pension Fund in the year to 31st March 2018 is £2,908 million.

The weighted average duration of the defined benefit obligation for Fund members is 16.7 years (2015/16: 16.7 years).

15. Events after the Balance Sheet Date

The financial statements were authorised for issue by the Assistant Chief Executive (Business Support) on XX XXX 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

16. Related Parties

SPT is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence SPT. Disclosure of these transactions allows readers to assess the extent to which SPT might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely.

Scottish Government and its agencies

During 2016/17 Transport Scotland, an agency of the Scottish Government, provided SPT with revenue grant funding of £1.256 million (2015/16: £1.108 million) and capital grants totalling £36.133 million (2015/16: £24.276 million). Grant receipts and invoices outstanding at 31 March 2017 were £2.330 million (2016: £3.001 million) and are included in Central Government Bodies (note 27 Debtors). Prepaid income

16. Related Parties (continued)

and invoices outstanding at 31 March 2017 were £1.077m (2016: £0.272m) and are included in Central Government Bodies (note 28 Creditors). Grants received but not utilised at 31 March 2017 were £20.340 million (2016: £25.376 million) and are included in Capital Grants Unapplied Account (note 1).

Members and the 12 Local Authorities in Strathclyde

Nominated members from each of the 12 Local Authorities in Strathclyde have direct control over SPT's financial and operating policies. The total of members' allowances paid during 2016/17 is shown in the Remuneration Report.

During 2016/17 the 12 Local Authorities in Strathclyde provided funding totalling £37.381 million (2016/17: £37.381 million) in the form of requisition.

During 2016/17 Glasgow City Council, North Lanarkshire Council & West Dunbartonshire Council provided SPT with capital funding (as either grants or contributions) of £0.038 million (2015/16: £0.282 million). SPT also received revenue income and grants from local authorities totalling £1.793 million (2016: £1.213 million).

During 2016/17 SPT provided capital grants totalling £7.005 million (2015/16: £18.841 million) to Local Authorities within the SPT area in support of various transport improvement projects. SPT also paid for goods / services and provided revenue grants to local authorities totalling £0.790 million (2016: £0.743 million).

There is a balance of £0.437 million (2016: £0.285 million) in relation to outstanding invoices and accrued income within Debtors (note 27). There is also a balance of £24.819 million (2016: £24.819 million) within Creditors (note 28) which primarily relates to outstanding invoices and receipts in advance. A balance for receipts in advance is also sitting within Long Term Creditors (note 29) totalling £1.875 million (2016: £9.810 million).

Strathclyde Concessionary Travel Scheme (SCTS)

SPT provides SCTS with administrative and overhead support, as well as sharing a number of the same board members. During 2016/17 SPT charged £0.295 million (2015/16: £0.325 million) to SCTS for the provision of these services. Charges outstanding at 31 March 2017 were £0.295 million (2016: £0.325 million) and are included in Debtors (note 27). A balance of £0.017 million (2016: £0.001 million) for prepaid income is included within SCTS (note 28 Creditors).

Nevis Technologies Limited

SPT owns 49% of the ordinary shares in Nevis Technologies Limited, a joint venture between SPT and Ecebs Limited for the provision of a smartcard ticketing and payment service.

During 2016/17 SPT approved payments totalling £0.171 million (2015/16: £0.224 million) to Nevis Technologies Limited in support of the development of a smartcard ticketing and payment service. Payments outstanding at 31 March 2017 were £0.067 million (2016: £0.069 million) and are included in Bodies External to General Government (note 28 Creditors).

Traveline Scotland Limited

Eric Stewart, Assistant Chief Executive (Operations) is a director of Traveline Scotland Limited.

During 2016/17 SPT approved payments totalling £0.040 million (2015/16: £0.009 million) to Traveline Scotland Limited in support of the development of health related travel information. Payments outstanding at 31 March 2017 were £0.020 million (2016: £0.000 million) and are included in Bodies External to General Government (note 28 Creditors).

17. Agency Activities

In addition to its statutory duties, SPT acted as agents in respect of the following services:

Total Costs		Administration		
2015/16		Recharge	Direct Service Payments	Total Costs
£000		£000	£000	£000
27,615	School and Vocational Transport	1,000	26,682	27,682
932	Bus Shelter Maintenance	222	669	891
4,254	Strathclyde Concessionary Travel Scheme	300	3,956	4,256
32,801	Year to 31 March 2017	1,522	31,307	32,829

The above agency activities are carried out on a no loss, no profit basis for third parties and therefore do not appear in SPT's CIES.

18. Leases

SPT as Lessee

Finance Leases

SPT does not currently have any leases that meet the definition of a finance lease (2015/16: £0 million).

Operating Leases

SPT has entered into a number of low value lease agreements.

The future minimum lease payments due under non-cancellable leases in future years are:

2015/16		2016/17
£000		£000
32	Not later than one year	48
123	Later than one year and not later than five years	147
53	Later than five years	172
208		367

19. Investment Properties

The following items of income and expense have been accounted for in the CIES:

2015/16		2016/17
£000		£000
(1,137)	Rental income from investment property	(777)
0	Direct operating expenses arising from investment property	0
(1,137)	Net	(777)

There are no restrictions on SPT's ability to realise the value inherent in its investment property or on SPT's right to the remittance of income and the proceeds of disposal.

19. Investment Properties (continued)

The following table summarises the movement in the fair value of investment properties over the year:

2015/16 £000		2016/17 £000
5,949	Balance at start of the year	6,342
0	Additions/disposals	0
393	Net gains/(losses) from fair value adjustments	421
0	Transfers from/(to) Property, Plant and Equipment	(450)
0	Transfers from/(to) Assets Held for Sale	(950)
6,342	Balance at end of the year	5,363

20. Intangible Assets

SPT accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to SPT. The useful lives assigned to the major software suites used by SPT are 3 years.

The carrying amount of intangible assets is amortised on a straight-line basis.

20. Intangible Assets (continued)

The movement on Intangible Assets (software and other intangibles) balances during the year is as follows:

2015/16 £000		2016/17 £000
	Balance at start of the year	
1,915	Gross carrying amounts	2,004
(1,196)	Accumulated amortisation	(1,387)
719	Net carrying amount at start of year	617
89	Additions	173
0	Transfers cost	0
(191)	Amortisation for the period	(215)
617	Net carrying amount at the end of the year	575
	Comprising:	
2,004	Gross carrying amounts	2,177
(1,387)	Accumulated amortisation	(1,602)
617		575

21. Impairment Losses

During 2016/17 SPT has recognised a management assessed impairment loss of £0.880 million (2015/16: £1.517 million) in relation to its Subway and Bus Operations assets.

21. Impairment Losses (continued)

The costs incurred on the upgrade of Subway Stations and the preparatory work for other stations was reviewed to ascertain if the cost of work done to date would increase that asset value by a similar or lesser amount.

Following the implementation of a Fleet Renewal Programme, a review was undertaken of existing fleet assets to determine if any required accelerated replacement.

The resulting impairment losses have been charged to the Subway Operations and Bus Operations lines in the CIES, and to the Revaluation Reserve as follows:

	CIES £000	Revaluation Reserve £000	2016/17 Total £000
Property, Plant & Equipment (note 22):			
Land & Buildings: costs incurred in upgrading subway station buildings	843	7	850
Rolling Stock & Vehicles: carrying amount of buses reduced to estimated residual value	30	0	30
Total	873	7	880

22. Property, Plant and Equipment Movements in 2016/17

	Land & Buildings £000	Plant & Machinery £000	Rolling Stock & Vehicles £000	Infra-structure Assets £000	Sundry Assets £000	Assets Under Construction £000	Investment Properties £000	Assets Held for Sale £000	Total £000
Cost or Valuation									
At 1 April 2016	106,957	8,571	40,401	59,498	12,307	9,513	6,342	0	243,589
Additions	7,176	29	1,370	19,463	3,575	19,466	0	0	51,079
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,755	0	0	0	0	0	0	0	3,755
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(8,136)	0	0	0	0	0	421	0	(7,715)
Derecognition – Disposals	(186)	0	(1,919)	0	(527)	0	0	0	(2,632)
Transfers	3,190	0	0	0	6,722	(9,462)	(1,400)	950	0
At 31 March 2017	112,756	8,600	39,852	78,961	22,077	19,517	5,363	950	288,076
Accumulated Depreciation and Impairment									
At 1 April 2016	5,727	3,167	33,778	38,808	9,284	0	0	0	90,764
Depreciation charge	3,610	336	1,872	2,369	10,634	0	0	0	18,821
Depreciation written out to the Revaluation Reserve	(3,771)	0	0	0	0	0	0	0	(3,771)
Depreciation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,236)	0	0	0	0	0	0	0	(2,236)
Impairment losses/(reversals) recognised in the Revaluation Reserve	7	0	0	0	0	0	0	0	7
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(123)	0	30	0	0	0	0	0	(93)
Derecognition – Disposals	(80)	0	(1,912)	0	(527)	0	0	0	(2,519)
Transfers	0	0	0	0	0	0	0	0	0
At 31 March 2017	3,134	3,503	33,768	41,177	19,391	0	0	0	100,973
Net Book Value									
At 31 March 2017	109,622	5,097	6,084	37,784	2,686	19,517	5,363	950	187,103
At 31 March 2016	101,230	5,404	6,623	20,690	3,023	9,513	6,342	0	152,825

22. Property, Plant and Equipment (continued)

Comparative Movements in 2015/16

	Land & Buildings £000	Plant & Machinery £000	Rolling Stock & Vehicles £000	Infra-structure Assets £000	Sundry Assets £000	Assets Under Construction £000	Investment Properties £000	Assets Held for Sale £000	Total £000
Cost or Valuation									
At 1 April 2015	96,820	9,113	40,600	48,404	11,753	6,319	5,949	0	218,958
Additions	13,241	154	2,481	11,094	2,503	3,593	0	0	33,066
Revaluation increases/(decreases) recognised in the Revaluation Reserve	442	0	0	0	0	0	0	0	442
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,945)	0	0	0	0	0	393	0	(3,552)
Derecognition – Disposals	0	(696)	(2,680)	0	(1,949)	0	0	0	(5,325)
Transfers	399	0	0	0	0	(399)	0	0	0
At 31 March 2016	106,957	8,571	40,401	59,498	12,307	9,513	6,342	0	243,589
Accumulated Depreciation and Impairment									
At 1 April 2015	4,907	3,107	33,986	35,892	8,776	0	0	0	86,668
Depreciation charge	3,666	266	2,400	2,916	2,447	0	0	0	11,695
Depreciation written out to the Revaluation Reserve	(1,068)	0	0	0	0	0	0	0	(1,068)
Depreciation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(567)	0	0	0	0	0	0	0	(567)
Impairment losses/(reversals) recognised in the Revaluation Reserve	48	0	0	0	0	0	0	0	48
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(1,259)	490	62	0	0	0	0	0	(707)
Derecognition – Disposals	0	(696)	(2,670)	0	(1,939)	0	0	0	(5,305)
Transfers	0	0	0	0	0	0	0	0	0
At 31 March 2016	5,727	3,167	33,778	38,808	9,284	0	0	0	90,764
Net Book Value									
At 31 March 2016	101,230	5,404	6,623	20,690	3,023	9,513	6,342	0	152,825
At 31 March 2015	91,913	6,006	6,614	12,512	2,977	6,319	5,949	0	132,290

22. Property, Plant and Equipment (continued)

Capital Commitments

SPT has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment. The major commitments are:

Service	Outstanding Commitments as at 31 March 2017 £000	Contract Completion Dates
Subway Modernisation	164,380	Various
Subway Infrastructure	5,564	Various
Subway Operations	743	Various
Projects / Other	533	Various
Bus Operations	120	Various
Total	171,340	

Revaluations – Land and Buildings

To comply with the Code, SPT has completed a revaluation exercise on all land and buildings owned by SPT. The land and buildings were revalued at 31 March 2017 by external valuers, the District Valuer.

The valuation process was undertaken in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Inspections were carried out at the end of the financial year. The District Valuer confirmed that the valuations were provided on the following basis:

“The valuations incorporated in these financial statements have been provided by District Valuer Services of the Valuation Office Agency in the capacity of External Valuer. The date of valuation is 31 March 2017 and in accordance with the requirements of the RICS Valuation Standards and International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and interpreted by the current CIPFA Code of Practice for Local Authority Accounting, as applicable from 1st April 2015 the valuation of each property was provided on the following bases and assumptions:

(a) **For owner occupied property:** valued to Current Value in existing Use (EUV) having regard to the service potential that an asset provides in support of the entity’s service delivery and on the assumption that the properties valued will continue to be held by SPT for the foreseeable future having regard to the prospect and viability of the continuance of that occupation.

(b) **For investment property:** valued to Fair Value Fair Value as defined by IFRS 13, and equates to being the Market Value of the legal interest held.

District Valuer Services’ opinion of Current Value and Fair Value was primarily derived using:

- (a) comparable recent market transactions on arm’s length terms;
- (b) For Specialised Assets: the depreciated replacement cost approach because the specialised nature of the asset means that there are no market transactions of this type of asset except as part of the business or entity.

The sources of information and assumptions made in producing the various valuations are set out in the Valuation Report which is not published in the annual report and financial statements.

The valuation figures incorporated in the annual report and financial statements are the aggregate of separate valuations of parts of the portfolio, not a valuation or apportioned valuation of the portfolio valued as a whole.”

The revaluation exercise in 2017 excluded Kelvinhall Subway Station and Broomloan Depot since these properties were revalued in 2015 following completion of extensive modernisation work. Management have considered the valuations performed in 2015 and, as they are not aware of any material change in value, the valuations have not been updated for these two properties.

22. Property, Plant and Equipment (continued)

The revaluation exercise in 2017 excluded 131 St Vincent Street (headquarters) since this property was revalued in 2015 following acquisition and has subsequently undergone extensive fit-out and modernisation work completed in 2016. Management have considered the valuation performed in 2015 and, as they are not aware of any material change in value, the valuation has not been updated for this property.

The revaluation exercise in 2017 excluded St Enoch Subway Station and Buchanan Subway Station since these properties were revalued in 2016 following completion of extensive modernisation work. Management have considered the valuations performed in 2016 and, as they are not aware of any material change in value, the valuations have not been updated for these two properties.

Extensive modernisation work at Kelvinbridge Subway Station is due to be completed in 2017/18 and this property will be revalued at that time. The costs incurred to 31 March 2017 were reviewed to ascertain if they would increase that asset value by a similar or lesser amount and an impairment loss has been recognised.

Revaluations – Non-operational investment and land properties

As required by the Code, an annual valuation of non-operational investment and land properties was conducted at 31 March 2017. This exercise was conducted by SPT's external valuers, the District Valuer.

23. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by SPT, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by SPT that has yet to be financed. The CFR is analysed in the second part of this note.

2015/16 £000		2016/17 £000
0	Opening Capital Financing Requirement	0
	Capital investment	
33,066	Property, Plant and Equipment	51,079
89	Intangible Assets	173
21,439	Revenue expenditure funded from capital under statute	8,396
	Sources of finance	
(100)	Capital receipts	0
(30,572)	Government grants and other contributions	(40,761)
(23,922)	Revenue contributions*	(18,887)
0	Closing Capital Financing Requirement	0

*The £18.887 million in 2016/17 is comprised of £1.8 million of direct revenue contributions to capital (2015/16: £6.953 million) and £17.087 million contribution from the "Subway Fund" (2015/16: £16.969 million), which is represented in the balance sheet as Long Term Creditors.

24. Heritage Assets

SPT's Heritage assets consist of low value pieces of artwork that are displayed at various locations throughout the SPT area. All of the art work has an individual value of less than £100,000 and therefore has not been separately identified within these accounts.

25. Assets Held for Sale

The following table summarises the movement in the fair value of non-current assets held for sale over the year:

2015/16 £000		2016/17 £000
0	Balance at start of year	0
0	Assets newly classified as held for sale: Investment Properties	950
0	Balance at year-end	950

26. Inventories

31 March 2016 £000		31 March 2017 £000
178	Balance at start of year	319
1,240	Purchases	1,514
(1,099)	Recognised as an expense in the year	(1,399)
319	Balance at year-end	434

27. Short Term Debtors

31 March 2016 £000		31 March 2017 £000
2,741	Bodies external to general government	1,571
4,939	Central government bodies	4,879
627	Other local authorities	998
325	Strathclyde Concessionary Travel Scheme	333
207	NHS Bodies	66
8,839	Total	7,847

28. Short Term Creditors

31 March 2016 £000		31 March 2017 £000
12,172	Bodies external to general government	14,004
633	Central government bodies	1,456
26,206	Other local authorities	24,839
1	Strathclyde Concessionary Travel Scheme	17
0	NHS Bodies	12
1,564	Public corporations and trading funds	1,564
40,576	Total	41,892

29. Long Term Creditors

31 March 2016 £000		31 March 2017 £000
9,810	Receipts in advance – Other local authorities	1,875
9,810	Total	1,875

30. Provisions

	Injury and Damage Compensation Claims £000	Employee £000	Legal and Other Claims £000	Total £000
Balance at 1 April 2016	73	357	203	633
Additional provisions made in 2016/17	43	683	681	1,407
Amounts used in 2016/17	-1	0	-203	-204
Unused amounts reversed in 2016/17	-44	0		-44
Balance at 31 March 2017	71	1,040	681	1,792

The Injury and Damage Compensation Claims provision relate to public or employee liability claims that have been raised against SPT and are a best estimate of the potential liability to SPT.

The employee provision takes account of the estimated costs of planned legislative changes and estimates for severance payments due to reorganisations.

The legal and other claims provision takes account of estimated legal fees and settlement costs.

31. Contingent Liabilities

At 31 March 2017 SPT did not have any contingent liabilities (2015/16: nil).

32. Financial Instruments

SPT is debt free with all historic debt being repaid to Glasgow City Council (GCC) during 2010/11. As a consequence, SPT currently has no debt related financial instruments disclosure requirements and the following disclosure covers all areas relevant to SPT's activities.

Financial Instruments Gains / Losses / Expenses charged during 2016/17 (at amortised cost)

The gain incurred by SPT in 2016/17 was an interest gain of £0.630 million. There was no expense as SPT is debt free at present.

Nature and extent of risks arising from financial instruments

SPT has fully adopted CIPFA's Code of Treasury Management Practices and has specific written risk management policies and procedures.

Credit Risk

Credit risk arises from temporary deposits placed with banks and financial institutions, as well as credit exposure to SPT's customers. SPT maintains a formally approved counterparty list for these deposits, and investments are restricted to a prudent maximum amount for each financial institution.

32. Financial Instruments (continued)

The following analysis summarises SPT's potential maximum exposure to credit risk, based on experience of default assessed by the credit rating agency.

Amount as at 31 March 2016 £000		Amount as at 31 March 2017 £000	Historical Experience of Non-payment Adjusted for Market Conditions %	Estimated Maximum Exposure to Default and Uncollectability £000
96,588	Deposits with banks and other financial institutions	88,182	0	0
949	Customers	1,114	0.1	1
97,537	Total	89,296		1

SPT does not normally allow credit for customers, and therefore £0.827 million of the £1.114 million balance is past its due date for payment. The amount can be analysed as follows:

31 March 2016 £000	Age	31 March 2017 £000
876	Less than 3 months	901
56	3 to 6 months	210
16	6 months to 1 year	3
1	More than 1 year	0
949	Total	1,114

SPT held no bank overdraft facility as at 31 March 2017. Trade creditors amounted to £9.251 million.

The requirement that current liabilities are to be recognised even if refinanced post balance sheet, or if the original life deems the liability to be long term, has been complied with.

Market Risk

Movements in market interest rates expose SPT to risk due to uncertainty in the interest receivable on investments. Higher interest rates would increase income received on variable rate lending, which would impact on the CIES.

SPT's strategy for managing interest rate risk is covered in its Treasury Management Strategy. Taking cognisance of interest rate forecasts during the year, fixed rate investments may be taken for longer periods to secure better long term returns.

According to these investment strategies, as at 31 March 2016, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

31 March 2016 £000	Estimated Financial Effect	31 March 2017 £000
(1,083)	Increase in interest receivable on variable rate investments	(961)
(1,083)	Net theoretical impact on I&E Account	(961)

The impact of a 1% decrease in interest rates would be as above but with the figures being reversed.

32. Financial Instruments (continued)

SPT has no exposure to any price risk as a result of equity share investments, or to any foreign exchange rate movements.

Further to the disclosures made in the preceding comments, a number of potential disclosures relating to Financial Instruments do not apply to SPT for this financial year due to the limited complexity and profile of loans (none) and investments included in SPT's financial statements. These are summarised below:

- No reclassification of assets carrying value between fair value and amortised cost was made;
- No transfer of financial assets were made;
- No carrying value, or fair value of collateral was held;
- No credit losses on financial assets occurred;
- No defaults on loans payable occurred;
- No gain or loss on financial assets or liabilities at fair value were recorded in the CIES;
- There was no gain on loans and receivables;
- There was no gain or loss on financial liabilities at amortised cost;
- There was no gain or loss arising from impairment on any class of financial asset;
- SPT did not directly apply a fair value determination of financial instruments
- No carrying amount was estimated for short term receivables and payables;
- No offsetting of financial assets and liabilities occurred;
- There were no breaches of long term loan agreements that would have resulted in payment due in less than one year now being treated as current; and
- No current liabilities were rolled forward to a term longer than 12 months and treated as long term.

33. Interests in companies and other entities

During 2011/12 SPT acquired 49% of the ordinary shares in Nevis Technologies Limited, a company registered in Scotland, at a cost of £4,999. Nevis Technologies Limited is a joint venture between SPT and Ecebs Limited for the provision of a smartcard ticketing and payment service. This interest is recorded as a long-term investment at cost. Details of the transactions between SPT and Nevis Technologies can be found in Note 16, Related Party Transactions on page 42.

Group financial statements have not been prepared on the grounds of materiality.

Remuneration Report

All information contained within the tables in the Remuneration Report has been audited by Scott-Moncrieff. The other sections of the Remuneration Report were reviewed by Scott-Moncrieff to ensure that they are consistent with the financial statements.

The remuneration paid to SPT's senior employees is as follows:

Total Remuneration 2015/16 £		Salary, Fees and Allowances £	Total Remuneration 2016/17 £
140,434	Gordon MacLennan: Chief Executive	141,851	141,851
119,371	Valerie Davidson: Assistant Chief Executive (Business Support)	120,574	120,574
119,371	Eric Stewart: Assistant Chief Executive (Operations)	120,574	120,574
379,176	Total	382,999	382,999

The senior employees included in the table are those who have responsibility for management of SPT to the extent that the person has power to direct or control the major activities of the organisation (including activities involving the expenditure of money), during the report to which the Report relates, whether solely or collectively with other persons.

The salary of senior employees is set by reference to national local authority arrangements. The Scottish Joint Negotiating Committee for Local Authority Services sets the salaries for the Chief Executives of Scottish Local Authorities. SPT sets the salary of the Chief Executive with reference to this framework. The salaries of the Assistant Chief Executives and Directors are based on a percentage of the Chief Executive's salary. Assistant Chief Executive's receive approximately 85% of the Chief Executive's salary and Directors receive approximately 75% of Assistant Chief Executive's salary. These arrangements were approved by the Partnership on 24 March 2006.

The remuneration paid to SPT's Senior Councillors is as follows:

Total Remuneration 2015/16 £		Salary, Fees and Allowances £	Total Remuneration 2016/17 £
12,825	James Coleman, Chair to 01/11/2015	0	0
5,728	Jonathan Findlay, Chair from 11/12/2015	21,052	21,052
11,467	Denis McKenna, Vice Chair	11,580	11,580
11,467	Kaye Harmon, Vice Chair	11,580	11,580
41,487	Total	44,212	44,212

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004. However these regulations do not apply directly to Regional Transport Authorities including SPT. Remuneration of councillors, namely the Chair and Vice-Chairs, is made under the previous powers of Strathclyde Passenger Transport Authority which were transferred to SPT. SPT has however adopted the principles outlined in the legislation in so far as is practicable. The level of payment to the Chair and Vice Chair(s) was approved by the Partnership on 31 May 2007.

Remuneration paid to Councillors

SPT paid the following amounts to members (including Senior Councillors) of the Partnership during the year.

2015/16 £000		2016/17 £000
0	Salaries	0
41	Allowances	44
3	Expenses	1
44	Total	45

SPT is committed to promoting openness and transparency and therefore publishes Members' expenses at www.spt.co.uk.

The pension entitlements of senior employees for the year to 31 March 2016 are shown in the table below together with the contribution made by SPT to each senior employee's pension during the year:

	In-year pension contributions			Accrued pension benefits	
	Year to 31 March 2016 £	Year to 31 March 2017 £		Year to 31 March 2016 £	Year to 31 March 2017 £
Gordon Maclennan: Chief Executive (1)	27,104	27,377	Pension	21,290	24,444
			Lump Sum	12,983	13,113
Valerie Davidson: Assistant Chief Executive (Business Support) (2)	23,039	23,271	Pension	46,632	49,573
			Lump Sum	96,639	97,605
Eric Stewart: Assistant Chief Executive (Operations) (3)	23,039	23,271	Pension	21,612	24,302
			Lump Sum	21,579	21,795

- (1) The pension figures shown relate to the benefits that the person has accrued from their current appointment only
- (2) The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.
- (3) The pension figures shown relate to the benefits that the person has accrued from their current appointment only, but includes a transfer in from another scheme.

Remuneration of councillors in SPT is not pensionable.

Employees

Pension benefits for local government employees are provided through the Local Government Pension Scheme (LGPS).

For local government employees this is a Career Average Revalued Earnings (CARE) pension scheme. This means that pension benefits are based on average pay and the number of years that person has been a member of the scheme.

The scheme's normal retirement age for most employees is 65, however it is based on state pension age.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

The tiers for 2016-17 have stayed the same as they were for 2015-16. Tiers are as follows: Whole time pay	Contribution rate 2016-17	Contribution rate 2015/16
On earnings up to and including £20,500	5.5%	
On earnings above £20,500 and up to £25,000	7.25%	
On earnings above £25,000 and up to £34,400	8.5%	
On earnings above £34,400 and up to £45,800	9.5%	
On earnings above £45,800	12%	
On earnings up to and including £20,500		5.5%
On earnings above £20,500 and up to £25,000		7.25%
On earnings above £25,000 and up to £34,400		8.5%
On earnings above £34,400 and up to £45,800		9.5%
On earnings above £45,800		12%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of final pensionable salary and years of pensionable service, (prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

SPT's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions and including severance payments):

Remuneration band	2015/16 Number of employees	2016/17 Number of employees
£50,000 - £54,999	12	9 (1)
£55,000 - £59,999	8 (1)	8
£60,000 - £64,999	10 (2)	6
£65,000 - £69,999	3	7
£70,000 - £74,999	1 (1)	1
£75,000 - £79,999	1	1 (1)
£80,000 - £84,999	0	1
£85,000 - £89,999	2	1
£90,000 - £94,999	0	0
£95,000 - £99,999	1	1
£100,000 - £104,999	0	0
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 - £119,999	2	0
£120,000 - £124,999	0	2
£125,000 - £129,999	0	0
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	1	1
£145,000 - £149,999	0	0

Figures in brackets represent the number of employees in the year whose remuneration includes severance payments.

Exit Packages

The number of exit packages with total cost per band and total cost of all redundancies are set out in the table below:

Exit package cost band	2015/16 Number of compulsory redundancies	2015/16 Number of other departures	2016/17 Number of compulsory redundancies	2016/17 Number of other departures	2015/16 Total number of exit packages by cost band	2016/17 Total number of exit packages by cost band	2015/16 Total cost of exit packages £000	2016/17 Total cost of exit packages £000
£0 - £20,000	0	2	1	4	2	5	25	52
£20,001 - £40,000	0	2	1	2	2	3	59	83
£40,001 - £60,000	0	3	0	0	3	0	141	0
£60,001 - £80,000	0	1	0	2	1	2	65	132
£80,001 - £100,000	0	0	1	0	0	1	0	99
£100,001 - £150,000	0	0	2	0	0	2	0	219
£150,001 - £200,000	0	0	0	0	0	0	0	0
Total	0	8	5	8	8	13	290	585

Martin Bartos
Chair
xx xxxx 2017

Gordon MacIennan
Chief Executive
xx xxxx 2017

Strathclyde Concessionary Travel
Scheme Joint Committee
Financial Statements
for the year ended 31 March 2017

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Members of the Joint Committee

Members of the Joint Committee as at 31 March 2017

Member	Representing
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 Gilbert Davidson	Glasgow City Council
Councillor David Wilson	Inverclyde Council
Councillor John Bruce (Chair)	North Ayrshire Council
Councillor Kaye Harmon	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 Jonathan Findlay	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 2016/17.

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 2017.

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 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 2016/17* 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 2017 is shown on page 12.

The agreed budget for 2016/17 was £4.329 million (£4.482 million, 2015/16). Funding contributions from the 12 participating councils were agreed at £4.258 million with the balance of £0.07 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 £3.956 million (£3.923 million, 2015/16). The final outturn inclusive of all costs is £4.235 million (£4.232 million, 2015/16) which is £0.09 million less than the original 2016/17 budget. This reflects a continuing control of costs since 2009/10 which is primarily due to the ongoing success of the measures implemented 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 2017. The major balance sheet movement in 2016/17 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 2017. 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 2016/17, the continued success of the cost saving measures implemented since 2010/11 resulted in an increase in reserves of £0.023 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 2017 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 2017

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 2016/17 ("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 *'Delivering good governance in local government: Framework 2016'* published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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 *Delivering good governance in local government: Framework 2016* (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.

Amendments to the Standing Orders Relating to Contracts, to reflect the Procurement Reform Act (Scotland) 2014, were approved by the Partnership at its meeting of 9 December 2016.

The Procurement Strategy 2016/18 was approved by the Partnership at its meeting of 9 December 2016.

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 SPT 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 in accordance with the Publication scheme.

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 2016/17 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 is subject to review and Partnership approval in 2017/18.

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, Digital transformation, 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 members 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.

The Scheme of Delegated Functions was reviewed and updated in 2016/17 to reflect organisational change.

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.

Amendments to the Financial Regulations were approved by the Partnership at its meeting of 9 December 2016.

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 (i.e. Annual statement on sustainable economic growth and Public Services Reform (Scotland) Act 2010 statements) 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. SPT has a Facebook and Twitter accounts.

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) shall be responsible for the financial affairs of the Partnership and act as adviser to the Partnership and all committees.

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 2016/17 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 capital and revenue budgeting systems integrated with service planning;
- a regime for regular reporting to the Partnership and committees of periodic and annual 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 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 2016/17 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, business improvement processes or as part of the external scrutiny process.

Valerie Davidson
Treasurer / Secretary
xx xxxx 2017

Accounting Policies

The financial statements for the year ended 31 March 2017 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 2016/17 (the Code) and the Service Reporting Code of Practice 2016/17 (SeRCOP). 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 2016/17.

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 2017

	Note	2015/16 £000	2016/17 £000
Expenditure			
Payments to operators		3,923	3,956
Administration costs	1,2	331	300
Net cost of service		4,254	4,256
Interest received	3	(22)	(21)
Net operating expenditure		4,232	4,235
Amounts to be met from external sources		4,232	4,235
Financed by:			
Funding received – Local Authorities	4	(4,258)	(4,258)
Net surplus for the year transferred to general reserves		(26)	(23)
Surplus brought forward		(1,641)	(1,667)
Surplus carried forward to general reserves		(1,667)	(1,690)

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 2017

	Note	2015/16 £000	2016/17 £000
Current Assets			
Short term investments	5	1,000	2,002
Cash at Bank		1,144	720
Debtors	6	1	1
		<u>2,145</u>	<u>2,723</u>
Current Liabilities			
Amounts due to operators	7	(149)	(665)
Creditors	8	(329)	(368)
		<u>(478)</u>	<u>(1,033)</u>
Net Current Assets		<u>1,667</u>	<u>1,690</u>
Total Assets less Current Liabilities		<u><u>1,667</u></u>	<u><u>1,690</u></u>
Reserves			
General reserves	9	1,667	1,690
		<u>1,667</u>	<u>1,690</u>

The unaudited financial statements were issued on XX June 2017 and the audited financial statements were authorised for issue on XX XXX 2017.

Signed on behalf of the Joint Committee:

Valerie Davidson
Treasurer / Secretary
xx xxxx 2017

Cash Flow Statement

for the year ended 31 March 2017

	2015/16 £000	2016/17 £000
Revenue Activities		
Cash Outflows		
Cash paid to and on behalf of employees	(201)	(176)
Other operating cash payments	(4,141)	(3,525)
	<u>(4,342)</u>	<u>(3,701)</u>
Cash inflows		
Other operating cash receipts	4,258	4,258
Net cash inflow / (outflow) from revenue activities – Note A	<u>(84)</u>	<u>557</u>
Returns on investments and servicing of finance		
Cash inflows		
Interest received	22	21
Net cash inflow from servicing of finance	<u>22</u>	<u>21</u>
Management of liquid resources		
Net (increase) / decrease in short term deposits	0	(1,002)
Increase / (decrease) in cash – Note B	<u>(62)</u>	<u>(424)</u>

Notes to the Cashflow Statement

Note A

Reconciliation of net cash inflow/(outflow) from revenue activities to operating surplus	2015/16 £000	2016/17 £000
Operating surplus	26	23
Deduct interest received	(22)	(21)
	<u>4</u>	<u>2</u>
Decrease/(Increase) in Debtors	2	0
Increase/(Decrease) in Creditors	(90)	555
	<u>(84)</u>	<u>557</u>

Note B	At 1 April 2016 £000	Cashflows £000	At 31 March 2017 £000
Analysis of movement in cash			
Cash at bank	1,144	(424)	720

As at 31 March 2017, the Scheme had short-term investments of £2,001,931.

Movement in Reserves Statement 2016/17

	General Reserve 2015/16 £000	General Reserve 2016/17 £000
Opening Balance as at 1 April	1,641	1,667
Net Surplus for year	26	23
Closing Balance as at 31 March	<u>1,667</u>	<u>1,690</u>

DRAFT

Notes to the Financial Statements

1. Administration costs

The administration costs are analysed below:

	2015/16 £000	2016/17 £000
Staff costs	201	176
Auditor's remuneration	5	5
Members allowances and expenses	0	0
Other costs	83	74
Postage costs	42	45
	<u>331</u>	<u>300</u>

The average number of full time SPT staff dealing with the administration of the Scheme was 8 (2016/17: 9), including the issue of the national entitlement card.

The 2106/17 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 Scott Moncrieff, 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:

	2015/16 £000	2016/17 £000
Members' Allowances	<u>0</u>	<u>0</u>

No expenses were incurred during 2016/17 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:

	2015/16 £000	2016/17 £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	1,052
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
	4,258	4,258

5. Short term investments

As at 31 March 2017, the Scheme had short-term investments of £1,000,000 (2015/16: £1,000,000).

6. Debtors

As at 31 March 2017, the Scheme had debtors of £1,000 (2015/16: £1,000). This is in respect of bank interest outstanding and amounts due from Strathclyde Partnership for Transport.

7. Amounts Due to Operators

	2015/16 £000	2016/17 £000
Outstanding Operator Payments	149	665

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

	2015/16 £000	2016/17 £000
Other Creditors	4	73
Amounts due to SPT	325	295
	329	368

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	2015/16 Income £000	2016/17 Income £000	2015/16 Expenditure £000	2016/17 Expenditure £000	Transaction
Strathclyde Partnership for Transport			324	295	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.



Strathclyde Partnership for Transport
Annual Report 2016/17



Strathclyde Partnership for Transport (SPT) is the largest of Scotland's seven regional transport partnerships, and is guided by the Regional Transport Strategy which provides a strategic planning framework for planning, investment and delivery.

SPT's vision for the west of Scotland is a world-class sustainable transport system that acts as a catalyst for an improved quality of life for all.



Strathclyde Partnership for Transport Annual Report 2016/17

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2016/17 year at a glance	6
Our priorities	
• Attractive, seamless, reliable travel	8
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• Access for all	18
• Reduced emissions	24
• Improved service delivery	26

Partnership

The SPT Partnership consists of 20 elected members representing the 12 local authorities in the West of Scotland and up to nine appointed members. The Partnership and Committees meet regularly, receiving updates and voting on key decisions regarding SPT business.



Jonathan Findlay
Chair, Glasgow City Council – Labour



Eddie Devine
Renfrewshire Council – Labour



Kaye Harmon
Vice Chair, North Lanarkshire – Labour



Allan Falconer
South Lanarkshire Council – Labour



Denis McKenna
Vice Chair, South Lanarkshire – Labour



Ann Faulds
Appointed Member



Malcolm Balfour
Glasgow City Council – SNP



Anne Follin
Appointed Member



Dr Martin Bartos
Glasgow City Council –
Scottish Green Party



Bill Grant
South Ayrshire Council –
Scottish Conservative and Unionist



Gregory Beecroft
Appointed Member



Graham Johnston
Appointed Member



Tony Buchanan
East Renfrewshire Council – SNP



Gerald Leonard
Glasgow City Council – Labour



Brian Davidson
Appointed Member



Alex Macaulay
Appointed Member



Robert Graham MacIntyre
Argyll and Bute – Independent



Hamish Stewart
South Lanarkshire Council –
Scottish Conservative and Unionist



Jo MacLennan
Appointed Member



Fariha Thomas
Glasgow City Council – Labour



Alan Malcolm
Appointed Member



Paul Welsh
North Lanarkshire Council – SNP



Bobby McDill
East Ayrshire Council – SNP



David Wilson
Inverclyde – Scottish Conservative
and Unionist



James McNally
Appointed Member



Michael McPake
North Lanarkshire Council – Labour



Alan Moir
East Dunbartonshire Council – Labour



Lawrence O'Neill
West Dunbartonshire Council – Labour



Donald Reid
North Ayrshire Council – Labour

The SPT Partnership met six times in 2016/17.
More information at: www.spt.co.uk/corporate/about/minutes-agendas/partnership/

The Strategy and Programmes Committee met six times in 2016/17.
More information at: www.spt.co.uk/corporate/about/minutes-agendas/strategy-programmes-committee/

The Operations Committee met six times in 2016/17.
More information at: www.spt.co.uk/corporate/about/minutes-agendas/operations-committee/

The Audit and Standards Committee met four times in 2016/17.
More information at: www.spt.co.uk/corporate/about/minutes-agendas/audit-standards-committee/

The Personnel Committee met twice in 2016/17.
More information at: www.spt.co.uk/corporate/about/minutes-agendas/personnel-committee/

2016/17 year at a glance



Apr 2016

New canopy at front of **Govan Subway Station** unveiled. The 'wave effect' celebrates the area's rich heritage in shipbuilding, next to the River Clyde.

Jun 2016

SPT collects **four Scottish Transport Awards** which recognise the best of Scotland's transport industry:

- Most Effective Road Safety, Traffic Management and Enforcement Project with South Lanarkshire Council
- Integrated Transport Project of the Year for Johnstone Railway

Station Park and Ride in a joint entry by SPT, ScotRail and Transport Scotland

- Excellence in Walking and Public Realm for the redevelopment of St Enoch Subway Station
- Contribution to Sustainable Transport with Glasgow Caledonian University for the

Ground Water and Heat Source System on the Subway.

Contract awarded for **Kelvingbridge Subway Station** modernisation.

Contract awarded for the supply, technical support and maintenance of a secure communication system for the **Subway**.

Nov 2016

The last two escalators on the Subway system now replaced, **28 new escalators** now fully operational.

Audio Visual Announcement System funded by SPT is launched on Stagecoach West Scotland's X19 services from Easterhouse to Glasgow city centre and then to the Queen Elizabeth University Hospital making a difference to the lives of blind or partially sighted passengers.



Mar 2017

SPT hosts **first conference on the role and future of public social partnerships**, ensuring a person-centred approach to the design of services and joining up journeys.

New online facility launched to enable passengers to purchase **Daytripper tickets** or **renew Zonecards**.

Jan 2017

SPT renews contract for **Kilcreggan - Gourrock Ferry service** until transfer of service to Transport Scotland.

Aug 2016

Subway services resume.

The new **£7 million Govan Interchange** with new-look Subway Station and Bus terminus opens.

Buchanan Street Subway station modernisation complete.

Bus stances at **Silverburn Shopping Centre** upgraded to include display units showing information on various services designed to signpost passengers in the right direction of travel.

Award of contract for a new SPT-wide CCTV and access control system.

May 2016

Contract awarded for **Cessnock Subway Station** modernisation.

Jul 2016

Subway services suspended for **essential renewal works** on the "ramps and turnouts" section of the tunnels.



Sep 2016

Smartcard online top-up launches.

Work begins on the modernisation of **Kelvinbridge Subway Station**.

Oct 2016

SPT's Knowledge Transfer Partnership (KTP) with Glasgow Caledonian University receives **worldwide recognition for its work** to find a cost effective solution to water management in the Subway and transform it into a form of energy power at the first International Conference on Energy Geotechnics,

Opening of first National Cycle Route 74 from Lesmahagow to Happendon with joint funding from SPT, South Lanarkshire Council and Sustrans.

Dec 2016

Subway celebrates its **120th anniversary** with passengers and staff.

Cessnock Subway Station modernisation complete.

Feb 2017

Work begins on the city centre **Fastlink** development, delivering further bus priority measures and improved passenger facilities.



Attractive, seamless, reliable travel

Subway operations and modernisation

The roll-out of the £288 million Subway modernisation programme continues with eight of 15 stations now complete, including the £7 million investment into Govan Interchange which opened in August 2016. This year also saw the completion of station refurbishments at Buchanan Street and at Cessnock.

Work began on the refurbishment of Kelvinbridge Station and will be finished later in 2017.



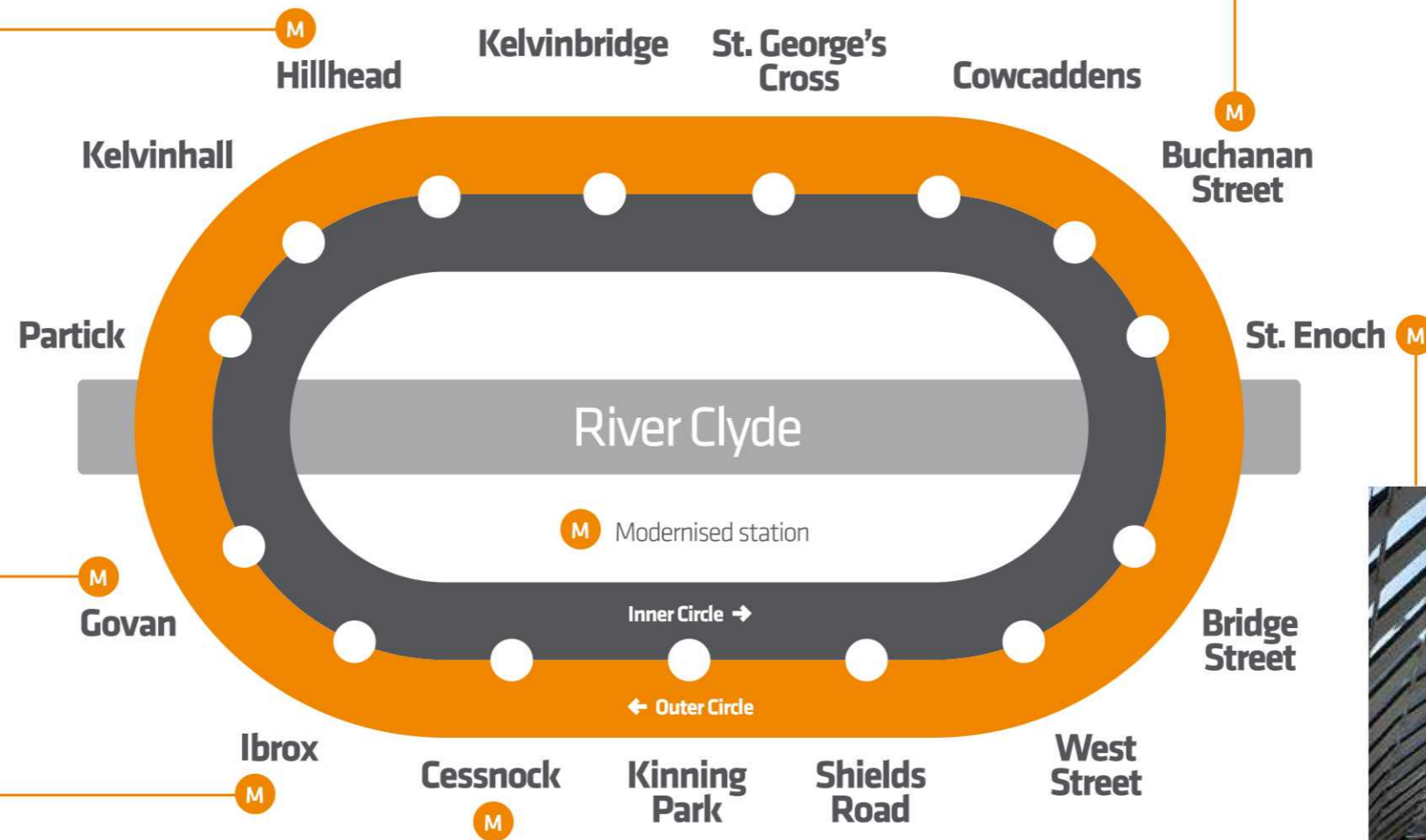
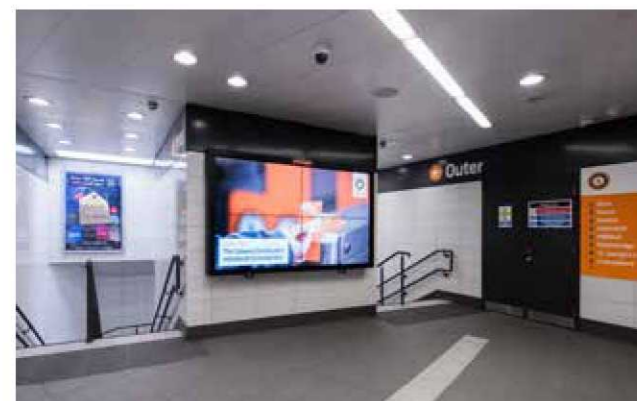
Key station achievements

 **8** stations now complete

 **4** more stations out on tender

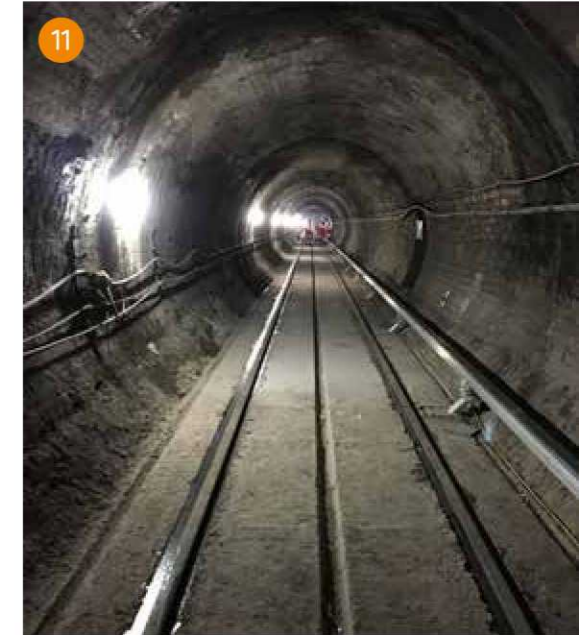
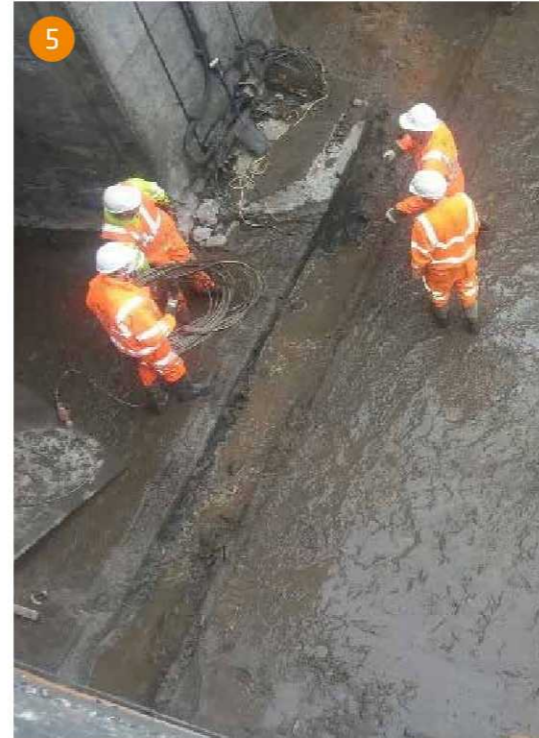
28 out of 28 new escalators complete

 More information on Subway Modernisation at www.spt.co.uk/subway/modernisation/



Subway – behind the scenes

This year also saw a major achievement in the modernisation programme with the renewal of the ramps and turnouts section of the tunnels. This work necessitated a complete suspension of the Subway system in July 2016. SPT operated a replacement bus service for the duration of the suspension.



1. Work begins on the North ramp with a concrete breakout; 2. Work begins on the South Chamber with a concrete breakout; 3. Working on the North Chamber breakout; 4. The South Chamber is cleared following flooding; 5. The flooding clean up continues; 6. Rail install in the South Chamber; 7. The concrete pump arrives; 8. Rail jigs and plates installed in the North Chamber; 9. Pouring concrete in the South Chamber; 10. North ramp formwork installation gets under way; 11. Single bore tunnel outer formwork and drainage install progresses; 12. Cleaning up post concrete pour; 13. Installation of the third rail in the South Chamber; 14. New point motor with hand crank in place in South Chamber; 15. Work complete.

Watch

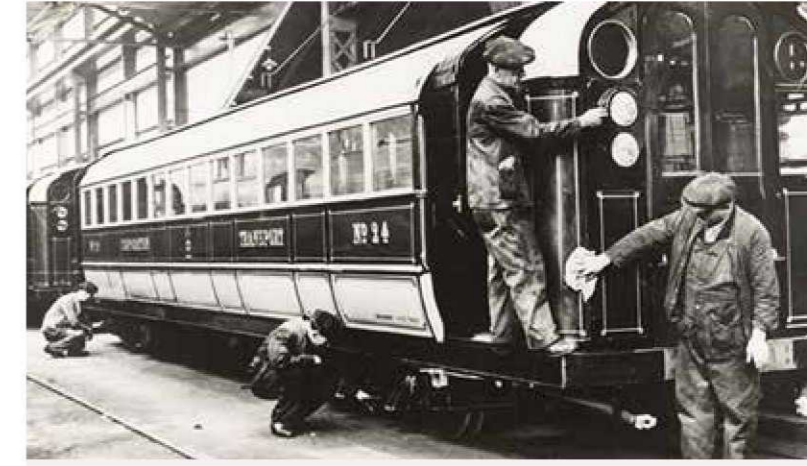
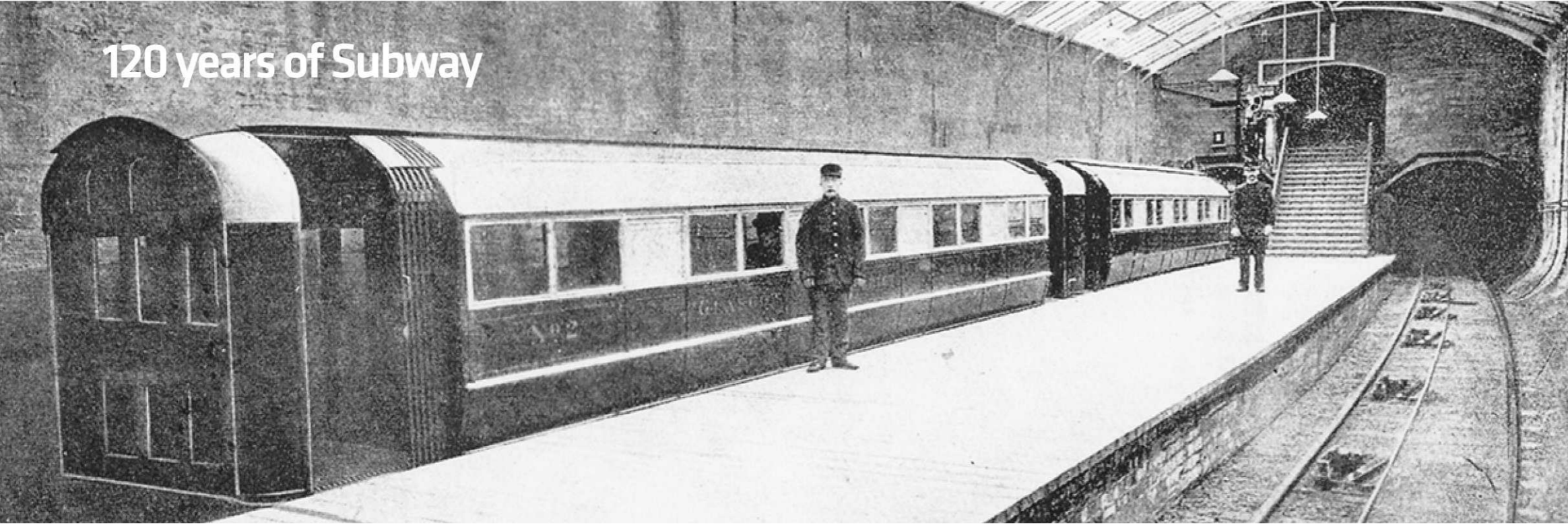
South chamber: Time-lapse: Camera Station A
<https://vimeo.com/186288763>

Ramps: Time-lapse: Camera Station B
<https://vimeo.com/186288764>

North chamber: Time-lapse: Camera Station C
<https://vimeo.com/186435332>

North chamber: Time-lapse: Camera Station D
<https://vimeo.com/186435334>

120 years of Subway



The Subway celebrated its 120th anniversary in 2016 with a range of activities in key stations including buskers and giveaways to help all our passengers join in the celebrations.

Throughout this year, we are also running a special 120th anniversary 'wrapped' train featuring a carriage from the original rolling stock, the current trains and a special, possible future look at the new trains due in service within the next five years.

Capital Radio joined in the fun, broadcasting live from Buchanan Street on the day. Local and national media also marked the event with news coverage on STV and BBC TV, radio and online. BBC's The One Show ran a special feature starring one of our longest serving, most knowledgeable members of staff, Derek Henderson (pictured below, right).

The train proved very popular with passengers and the 120th birthday was celebrated widely on social media with many messages of support featuring our special birthday hashtag #120. The anniversary proved very popular with passengers



More information at:

www.spt.co.uk/120

www.spt.co.uk/corporate/2016/12/subway-celebrates-120-years



Bus Services

SPT is committed to delivering a stable, safe and integrated bus network across the West Of Scotland. We are also committed to ensuring the future of bus transport despite the worrying trend which has seen bus passenger numbers fall by 50 million over the last 10 years.

SPT already subsidises around 30 per cent of all bus services in the West of Scotland. In our urban areas, the bus industry faces huge challenges with congestion, competition from rail services, and the recent economic downturn has all played its part in reducing bus patronage. In rural and island areas there are very real concerns that

limited resources will leave many in these areas, particularly those who are most vulnerable, experiencing social isolation.

All of this is why SPT has been working to create a new approach to tackle this problem in partnership with the bus industry through the Strathclyde Bus Alliance. Working with bus operators, local authorities and all other key stakeholders, we want to ensure a comprehensive bus network to meet passenger needs now and for the future. This would ensure a properly, integrated, safe and secure network for the benefit of all passengers.



Smart and integrated ticketing

Major developments have been made to smart and integrated ticketing. There are now 150,000 Subway passengers with a SmartCard and this year online top-ups for these customers was introduced while work with other transport providers continued in a bid to create more integrated travel options for users.

Working with ScotRail Abellio, we are now able to offer commuters integrated train and Subway travel on one ticket. Passengers travelling with either a Subway Smartcard or ScotRail Smartcard can now travel on both modes of transport using just the one Smartcard, both of which have been developed by Nevis Technologies Ltd, which is a joint venture between SPT and Rambus.

Bus operator McGills also now offers its passengers a Smartcard which means they also have the option to link with other transport operators as more operators join up to smart ticketing.

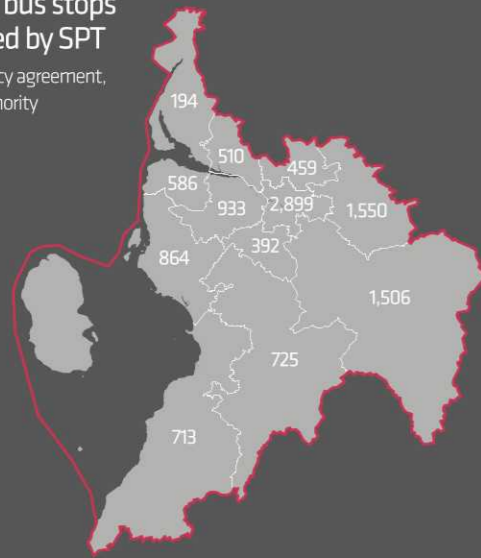
SPT working with Nevis Technologies Ltd remains at the forefront of this technology, which is undoubtedly offering not just our passengers, but all rail and bus passengers more options to travel with ease around the Strathclyde region.

Online top-up

This year, we also developed an online top-up system for Subway Smartcard users which offers them the option of topping up their card value, or buying season tickets whenever and wherever it is most convenient for them, online. www.youtube.com/watch?v=eRW6eNNQh_A

Number of marked bus stops managed by SPT

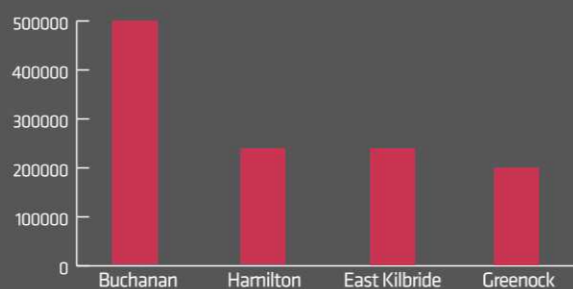
Under agency agreement, by local authority



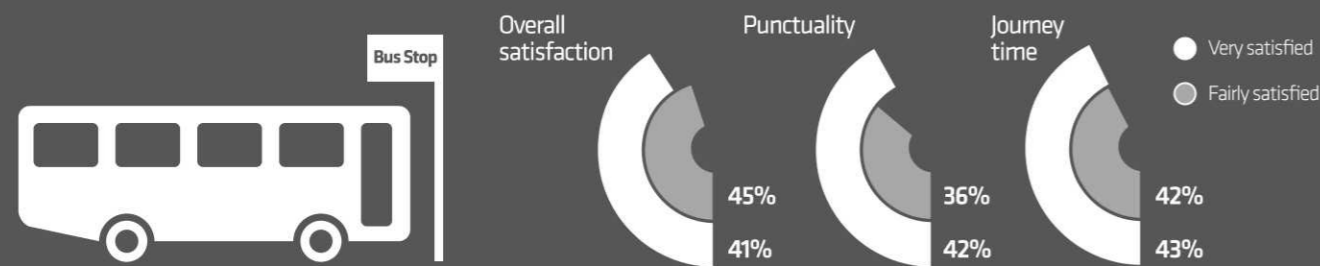
Existing SQPs in SPT area

- Glasgow Streamline (14 routes within the city)
- Fastlink (city centre to Queen Elizabeth University Hospital)
- Ayr and Prestwick
- Inverclyde

Departure by bus stations



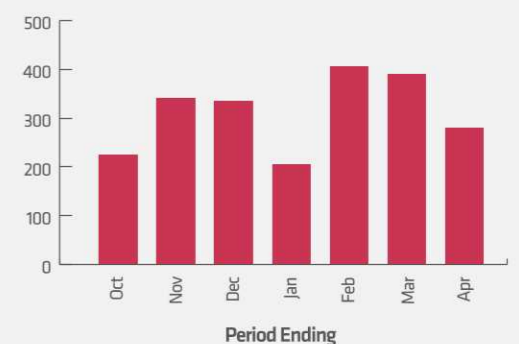
Bus passenger satisfaction



Source: Bus Passenger Survey 2016, Transport Focus

Subway web retail sales

Number of transactions by a four-week period



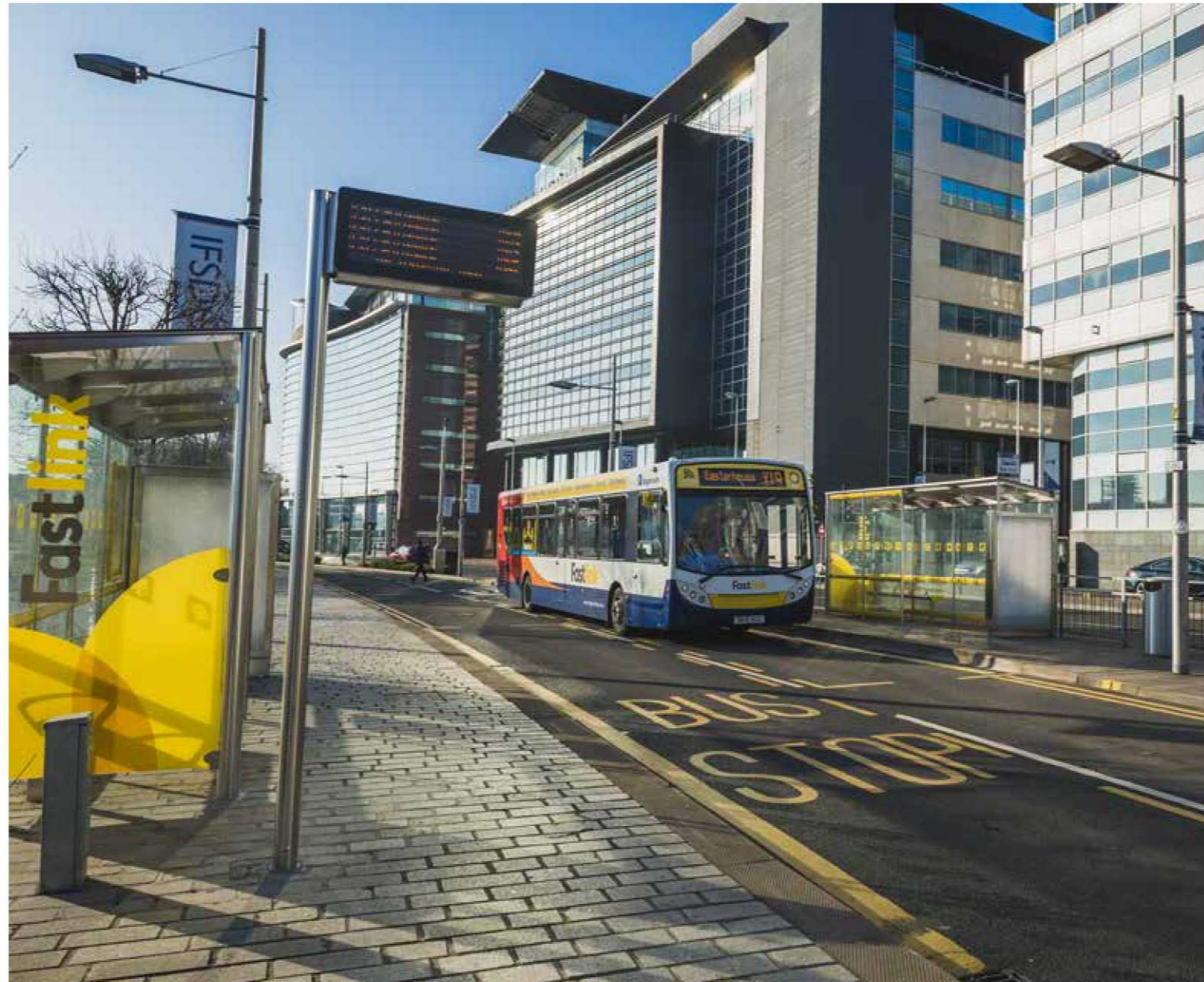
Up to 1 April **1,103 unique customers** have made purchases on Web Retail

Improved connectivity

SPT invests in road safety improvements

Projects advanced in 2016/17 include:

- A70 realignment in East Ayrshire
- Pollok Bus Corridor Improvements in Glasgow
- A841 Brodick to Lochranza, Arran
- Hawkhill Roundabout Improvements in North Ayrshire
- A8 Junction Improvements Inchinnan in Renfrewshire
- Road safety improvements in South Lanarkshire



Fastlink

Fastlink is the West of Scotland's exemplar urban bus rapid transit system that sets the blueprint for expansion and upgrade of key bus routes across Greater Glasgow and beyond.

The second phase of the Fastlink project to extend and upgrade key bus routes within the city centre began in February this year. This part of the development, valued at £3.14 million will extend Fastlink within the city centre delivering further bus priority measures and improve passenger facilities.

This latest stage of the project will deliver further journey time savings for Fastlink services and crucially most other bus services operating in the city centre.

With more than 180 buses per hour and tens of thousands passengers per day, Union Street will be transformed with state-of-the-art passenger facilities, high quality shelters, real-time information displays, high-access kerbs for easy boarding and widened footpaths along with upgraded street lighting.



Freight

Urban freight topics, including air quality management and best practice for urban deliveries, were the focus of the Freight Quality Partnership in 2016/17. A presentation by Transport Scotland on the developing National Low Emissions Framework was given at the December meeting where Partnership members were able to provide input on the range of options.

SPT held a workshop in November to develop the Strathclyde Freight Strategy, with attendees from 20 organisations discussing issues for rail freight, strategic connectivity and urban deliveries. The new Freight Strategy was developed throughout 2016/17, with the action plan to be taken forward from 2017 onwards.

Further work on freight included submitting a consultation response on Transport Scotland's rail freight strategy and providing funding and support to Inverclyde Council to develop a local lorry parking strategy.

Clydebank Interchange

SPT and West Dunbartonshire Council have been undertaking an appraisal of options for Clydebank Interchange to improve connections between rail and bus modes and between the interchange and the town centre, shopping centre, new leisure centre and the wider community. This aims to improve the transport system in that area for local people.

Robroyston Station

Delivery of a new station at Robroyston in Glasgow was progressed in 2016/17 with completion of the funding package. The station will serve the residents of up to 1,600 new homes to be built on the site and is programmed to be delivered in 2019/20. The final design and construction phases will be led by ScotRail in partnership with Glasgow City Council, SPT, Transport Scotland and the developer Stuart Milne.

Community Rail

SPT continues to take forward its involvement for Community Rail, including the recent approval of Rail 74, a community rail partnership for the Argyle Line between Rutherglen, Cambuslang, Newton and Hamilton.

Access for all

Community Transport

SPT's Community Transport Public Social Partnership (PSP) ensures the best model for the design, development and piloting of demand responsive transport services.

SPT leads the development of integrated transport solutions within the West of Scotland, for example, the West of Scotland Integrated Health and Social Care Transport Hub and the partnership between SPT and Glasgow City Council (GCC) to provide route optimisation of GCC's social transport fleet.

SPT is also working with the City of Edinburgh Council (CEC) to deliver a scheduling and route optimisation tool provided and supported by SPT for the Council's social transport fleet.

SPT will work with CEC to plan and schedule the transport provided by their Corporate Transport Service to and from Health and Social Care and Children and Families services, including Home Care (including return from hospital).

SPT has also been working in partnership with the Community Transport (CT) sector to support and assist in the development of the sector, including Community Volunteer Car Schemes (CVCS) and the establishment of the West of Scotland CT Network.

CVCS provide door-to-door transport to people in their local communities to enable them to access services, in the main healthcare services such as doctor and hospital appointments. CVCS are operated primarily by CT operators through local volunteer drivers who use their own cars. These services are vital to local communities as they provide transport options for vulnerable and older people, those living in rural areas and people with reduced mobility.

CVCS will play a key role in providing transport solutions as part of the West of Scotland Integrated Health and Social Care Transport Hub development that SPT is leading.

Find out more at

www.spt.co.uk/corporate/about/strategy/community-planning/



Community Transport Conference Working together in Public Social Partnerships

SPT's first conference on the role and future of Public Social Partnerships (PSP) attracted much support and praise from many organisations working in providing social transport.

The event held in Glasgow was attended by Angela Constance, the Cabinet Secretary for Communities, Social Security and Equalities, who praised SPT's innovation through social partnerships and developing the PSP model.

She said: "You have done a great job in helping to increase the provision of community transport in the West of Scotland and are demonstrating the innovation possible through PSPs."

"Working with its partners, including the West of Scotland community transport network, Ready for Business and the Community Transport Association, SPT embarked on Scotland's first community transport PSP in 2014. Its vision was clear: to find a way to involve service users and community transport providers - *as equal partners* - in the design and delivery of new transport services.

"By doing so, SPT boosted the capacity of the community transport sector across the whole of the West of Scotland - meaning new opportunities for training, employment and volunteering."

Ms Constance described the community transport service as "invaluable", adding: "It is a crucial part of supporting those most in need in our communities. As Scotland's demographic continues to change, community transport is increasingly significant in our fight to prevent loneliness and isolation."

"Social isolation can damage a person's sense of belonging, empowerment and contribution to society. Indeed, loneliness and isolation is widespread, across all levels and ages of society, and there are no easy answers."

"By using the PSP model we can, however, take a person-centred approach to designing services. Applied



More than 150 delegates representing:



24 Local Authorities	6 Health Boards and the Scottish Ambulance Services	35 Community Transport Organisations	3 RTPs	35 Third Sector organisations
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Plus Scottish Government departments, reps from Northern Ireland government and community transport consultants.





to community transport, this means our communities can enjoy joined-up journeys responsive to their needs. Remaining independent for longer, communities can be more active and benefit from a greater sense of wellbeing as a result.

“This is important not only for our older people. More than a million disabled people contribute to Scotland’s communities, adding talent, diversity and richness to our society.”

SPT’s PSP model takes a person-centred approach to designing services, joining up journeys better and responding to the needs of service users.

One of the key partners in delivering many of the projects across Scotland is the Community Transport Association which helps 100,000 users each year and works with 2,500 volunteers from 250 transport providers working in the community.

The aim of the conference was to link with groups to discuss ways we could develop a national approach for the PSP model. A successful PSP model relies on clarity of

purpose; but most importantly that partnerships be built on confidence and trust, and take the time to develop properly.

Speakers at the conference agreed that, done right, the PSP model is helping break down barriers and design services that are needed so they will be used in communities by communities.

One area benefiting from developing better community transport is Dumfries and Galloway which is looking at a number of social solutions to deal with transport issues in some of their most disadvantaged communities.

Community transport is about developing transport for all, not just the elderly or disabled but also ensuring the young have access to transport options.

Following the feedback from the breakout sessions, there was clear support for a national community transport PSP, believing this would help drive standards and develop greater co-ordination among the groups. However, there must remain a key focus on local input to ensure local needs remain the priority.



MyBus

The MyBus service carried 490,000 passengers during 2016/17.

This essential door-to-door pick-up and drop-off service using low-floor accessible vehicles enables residents with a mobility issue or without access to traditional public transport services to get around.

This unique service enables people to live more independent lives in their own communities and ultimately retain a sense of local social inclusion.

The majority of passengers book by telephoning the contact centre but the online booking service continues to grow in popularity with around 12 per cent of all journeys now booked online.

Around **12%** of all MyBus journeys now booked online



490,000

MyBus passengers carried during 2016/17



SPT runs a number of social necessary local bus services to ensure communities remain connected.



8 million
supported bus vehicle-kilometres



5.8 million
passengers carried on supported local bus services

Passenger feedback

“Drivers are certainly an asset to this service, it must be one of the **best run services** on the road. Keep up the good work SPT.”

“Drivers are so **helpful and friendly**, what a wonderful service they provide.”

MyBus
helped local residents in

↑7%
from 2015/16

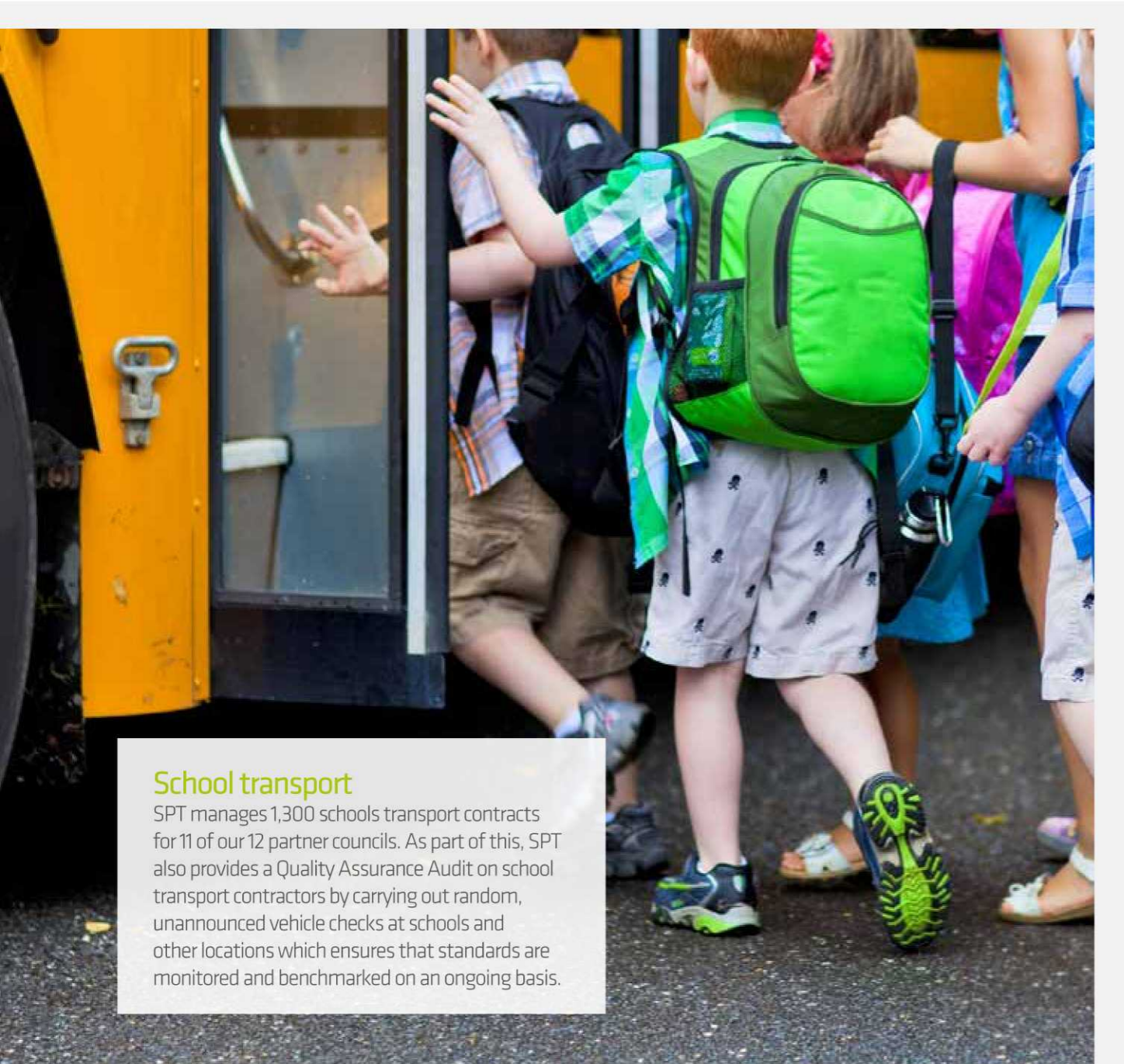
Renfrewshire
by making **33,239** journeys

↑2%
from 2015/16

South Lanarkshire
by making **90,733** journeys

↑3%
from 2015/16

North Lanarkshire
by making **103,372** journeys



School transport

SPT manages 1,300 schools transport contracts for 11 of our 12 partner councils. As part of this, SPT also provides a Quality Assurance Audit on school transport contractors by carrying out random, unannounced vehicle checks at schools and other locations which ensures that standards are monitored and benchmarked on an ongoing basis.

3,581 

vehicles operating on school services

inspected in 2016/17



1,419

on-site inspections of school bus services

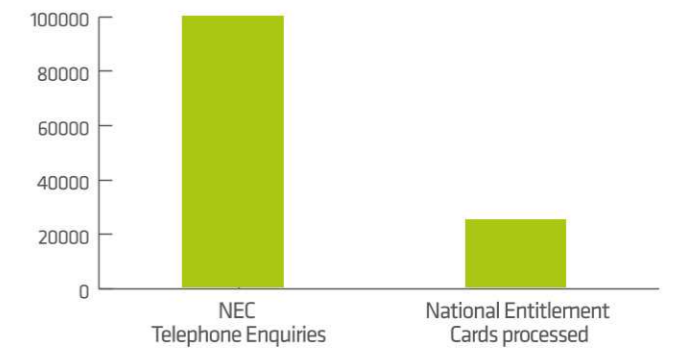
carried out in 2016/17

Concessionary travel

The Strathclyde Concessionary Travel Scheme is administered by SPT on behalf of our 12 constituent councils. The Scheme provides reduced fares on rail, Subway and ferry for people with assisted special needs, both physical and cognitive, and the older community.

More than half a million people living in the west of Scotland have access to the Scheme through their National Entitlement Card. In 2016/17, the SPT Travel Card Unit fielded more than 100,000 enquiries from residents about registering for and using their National Entitlement Cards.

SPT Travel Card Unit 2016/17



Improved bus passenger facilities at two Ayrshire hospitals

At the request of a local bus users group to improve public transport for passengers going to hospital, SPT has provided three new bus shelters to University Hospital Ayr and Ailsa Hospital.

The initial request was for a bus shelter at the Day Surgery Unit, however, SPT also upgraded the other two stops on the site of the hospitals to ensure they were all of a similar high standard.

Ayrshire and Arran's Director for Corporate Support Services John Wright said: "We are committed to encouraging people to use public transport as an alternative means of travel.

"We were delighted to work in partnership with SPT, which funded the upgrading of existing bus shelters at University Hospital Ayr and Ailsa Hospital, for our staff, visitors and patients. In addition, we now have a new bus shelter at the Day Surgery Unit, following requests from patients and members of the public."



Stewart Turner, Head of Roads within the Ayrshire Roads Alliance, added: "The upgrades to the bus shelters greatly improve the facilities available to those travelling to and from the hospital by public transport. It is also hoped that the improvements will encourage people to leave their car at home and take public transport in future."

Reduced emissions

New national cycle route

Cyclists can now travel on a direct route from Glasgow to Gretna following the official opening of the key final section, thanks to joint funding from South Lanarkshire Council, Sustrans, SPT and the Scottish Government.

The National Cycle Route 74 is a five-kilometre stretch of the B7078 dual carriageway (the old A74) which converted the southbound carriageway to a traffic-free cycle and walking route, leaving the remaining northbound carriageway for all other vehicles to use.



Active travel in SPT

SPT has also been awarded Cycle Friendly Employer Status by Cycling Scotland for our new headquarters at 131 St Vincent Street in Glasgow. The facilities available for our staff include:

- Cycle racks
- Lockers
- Large drying cabinet
- Showers and WC.

The newly-opened section runs from Lesmahagow to Happendon services, and for the southern 1.3 kilometres of the route, an existing footway will be widened, making it suitable for both pedestrians and cyclists.

The aim of the national cycle route is to encourage as many people as possible to take up cycling, regardless of age or ability.



Changing travel behaviour

SPT has backed a new national resource for businesses and employers, offering advice and information about a wide variety of travel planning solutions online to make commuting and business travel for their staff more sustainable.

Travelknowhow Scotland offers free and easy access to a wealth of advice, guidance and downloadable resources to encourage people to consider more sustainable travel choices when travelling, and to help meet the Scottish Government's ambitious emissions reduction targets.

As a member of Travelknowhow Scotland, SPT is encouraging organisations across the Strathclyde region to access the website to discover the support and tools available to start changing travel behaviour. The website will guide their staff through the entire travel planning process from start to finish in a clear and easy to follow way, offering them choices and options as they go.



Park and Ride

Since 2005 4,000 passenger car parking spaces have been funded by SPT in park and ride schemes.

Helensburgh Outline design prepared and land purchased for @50 spaces

Barrhead Outline design prepared and negotiations commenced for @35 spaces

Kilmaurs Outline design prepared and land prepared for @22 spaces

East Kilbride Outline design complete to extend station park and ride by up to 150 spaces

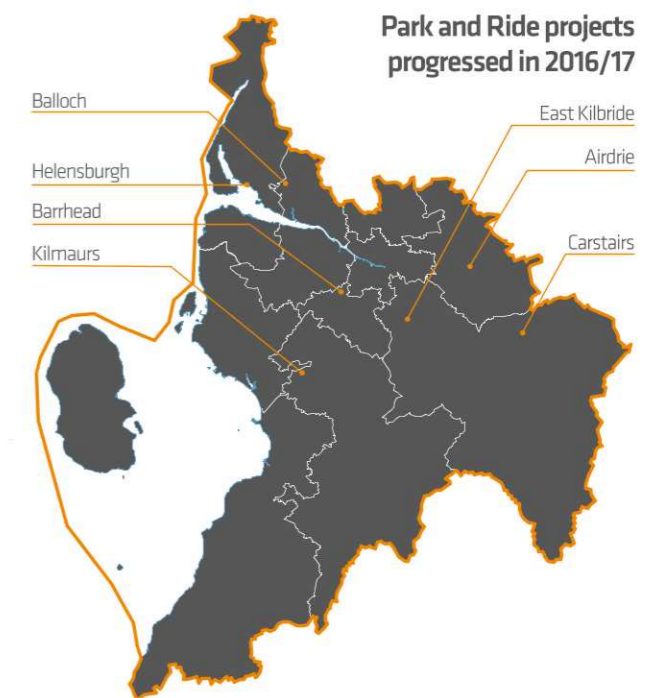
Airdrie Design complete for Airdrie Station park and ride

Carstairs 20 new spaces delivered at Carstairs station

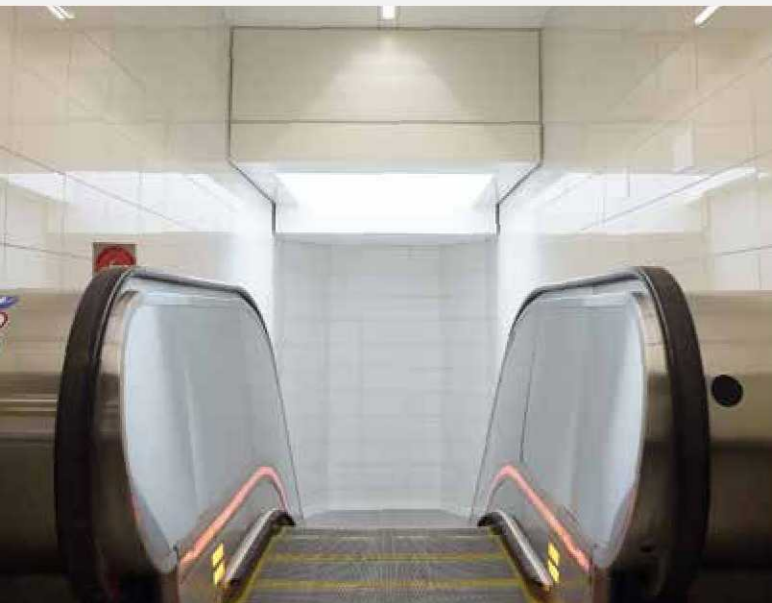
Subway Park and Ride annual usage

Shields Road – 300,000
Kelvinbridge – 100,000
Bridge St – 100,000

Park and Ride projects progressed in 2016/17



Improved service delivery



Our people

SPT employs 531 people at a total of £23.377 million staff-related costs. This year our HR department developed a new eRecruitment candidate portal for both internal and external applicants.

The aim of this was to streamline the application process for all the job roles within SPT. So now whenever anyone applies for a job role with SPT they will be able to:

- Track previous application history
- View previous application details which can then be used for future use
- Create an online master profile that they can refer to when making an application.

The candidate feedback has been excellent with many reporting the process as faster and easier to use.

Learning and development

SPT recognises the need to continue to attract and retain the best people and knows that Learning and Development plays an important role in delivering our services.

SPT invested £130,000 in staff learning and development over the course of 2016/17 with the aim of enabling our people to perform their roles safely and efficiently. It ensures that their skills keep pace with good practice and technological change to meet the standards demanded by our customers.

Our focus over the last year has been on continuing professional development for customer facing and supervisory/management staff. Particularly maintaining awareness and increasing understanding of Health & Safety within our operational and project teams. This is especially relevant as we continue to modernise our service and improve everyday IT skills, implementing new software and continue to explore ways of working more efficiently.



SPT invested
£130,000
in staff learning and
development in 2016/17



SPT employs
531 people



Procurement

As well as continuing to identify opportunities to improve the procurement process and make savings for SPT, the procurement team has been looking at how to utilise new electronic methods to streamline some of their procurement contract processes. Working with the newly-formed SPT Digital, one of the first areas to be improved and move over to an electronic procurement process was school contracts.

With more than 1,300 live contracts, and more than 200 operators worth £81 million total contract value. These contracts were procured until last year by hard copy which was hugely resource intensive, wholly reactive, involving horizontal and vertical variants bid analysis.

A proposal was developed to implement a Dynamic Purchasing System, utilising the Scottish Government tender system – Public Contracts Scotland tender (PCSt). This involved setting up a new way of assessing the quality aspects of the service (previously it was price only), with automated scoring. Working with the digital team, we developed an evaluation app which would assess the variant bids and reach the best combination of variant bids per tender exercise.

Once the system was in place, the key to its successful implementation was the training of the marketplace. We invested a huge amount of resource into phone calls, open days, and one-to-one training. The end result is an increase in the number of operators engaging with us, and a reduction in administration time and cost.

Overall achievements

Increase operator numbers, an extra 30 operators are bidding for our contracts.

Reduced time scale, tender timescale from 35 to 10 days.

Ability to strategically analyse contracts, we can now analyse the details to ensure we are doing things in the best way.

Ability to give the market time to plan and grow, if we can instruct the award quicker, then the market can invest in those contracts they don't initially have the resources for, but if they have a lead time to plan they can have the resources in place.

Procurement spend 1 April 2016 – 31 March 2017



Total spend
£104.8 million



Savings achieved
£3.2 million



219
non-bus
contracts
awarded



87%
of invoices
processed
on time



All invoices paid
on average within
18 days

1015
bus
contracts
awarded

Communications

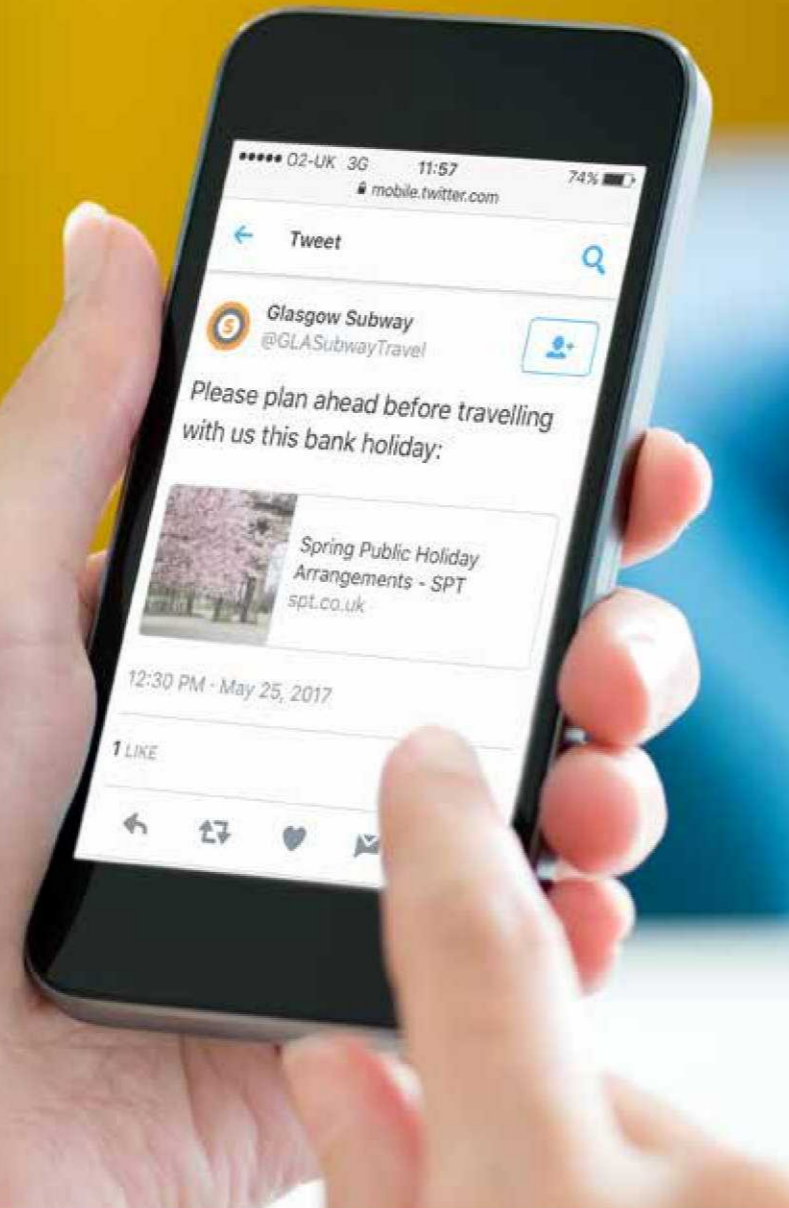
SPT continues to grow opportunities to develop direct communications with passengers using social media channels. This is a cost-effective way to communicate directly with passengers and also gives us instant feedback, allowing us when we can, or when necessary, to take action.

Within communications, we now have two separate functions operating. Marketing, which now sits with digital as we look at growing our digital communications functions, consists of a marketing lead, graphics and digital office and a marketing assistant. This team create and develop marketing campaigns as well as all advertising and graphics for the organisation.

We now have one media and public affairs manager working directly with the strategy group to agree and develop SPT's key messages and find ways to enhance and protect SPT's reputation by responding to media enquiries and developing media opportunities.

This role has evolved to also include public affairs, dealing directly with members, councillors, ministers and their representatives. This ensures consistency of all public messages.

Both the marketing team and the media and public affairs manager continue to jointly deliver internal communications to the organisation and create and maintain content for the website.



Our Twitter accounts continue to increase in followers:



@GlasgowSubway
18,500
followers



@GLASubwayTravel
5,295
followers



@SPTcorporate
513
followers



Customer care

Frontline SPT staff in bus and Subway have been perfecting their customer service skills with a record number gaining credits towards a Level 2 NVQ Certificate in Customer Service.

This certificate is designed for staff looking to improve their own skills who want to become more involved in making improvements to the overall level of customer service within the team.

Subway staff are continually assessed for customer service skills through the Mystery Shopper Awards scheme. Subway staff consistently perform highly in this area with many staff scoring a perfect five.

Good customer service is a trademark of SPT, we are continuously looking at ways we can progress and improve our standards.

Advancing equality

Ensuring good customer care and access for all to travel is a key objective in everything SPT does. We are especially committed to helping those who require extra assistance to travel. We work closely with Sense Scotland to create bespoke staff sessions which provide greater understanding for people with complex communication support needs.

In addition in 2016/17, all frontline SPT Bus Station staff and Subway staff as well as our admin support teams in head office signed up to a new project to raise awareness and help people living with dementia stay part of, and remain engaged with, their community.

The pilot project, designed by Alzheimer Scotland and Seniors Together, links up with local businesses, services and community groups and supports them to become dementia friendly. The project aim is to ensure those living with the condition stay an integrated part of the community for longer, and ultimately lead a more sustained, fulfilling life as their illness progresses.

Dementia adviser Anna Clements from Alzheimer Scotland said: "Ensuring people with dementia have the confidence to go out in their local community and feel part of society is



very important. The risk if they do not is they become more isolated and alone. This is a very common problem and one which we are working to combat.

"Having transport services support the project is vital as by signing up and committing to become dementia friendly helps vulnerable people feel more confident in getting out and about."



Access for all

Reduced emissions

Improved service delivery

SPT Digital revolution

SPT Digital continued to make its mark with new digital solutions streamlining and improving many old models of working throughout the organisation.

In 2016/17, the new Axiom system launched moving many of our Subway stations' traditional paper based reporting systems onto an easy-to-access, easy-to-use digital platform. This included our lost property system, health and safety reporting, revenue management and digitisation of station logs.

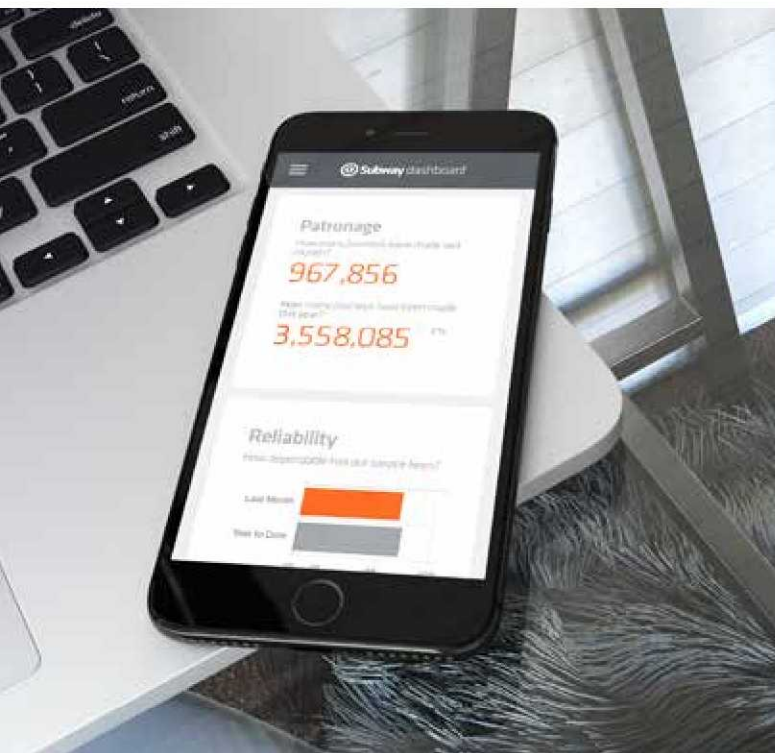
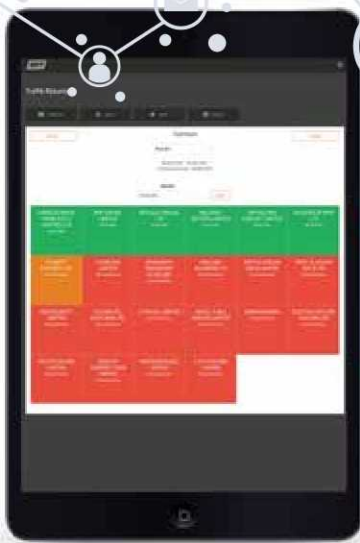
Axiom, which has gone on to be shortlisted for a number of awards this year, has been a major step forward for SPT importantly saving staff time to spend on their day-to-day duties and enhancing customer service.

Staff feedback shows this has been a huge success with information now readily available to the organisation.

The digital team has reached out to all key parts of the organisation to look at ways it can help improve many of their departmental reporting systems such as procurement, HR, bus operations, and continuing to improve Subway reporting mechanisms.

Other areas in which the digital team have recently made an impact include improvements to our 'traffic returns' process, whereby operators of subsidised bus services can now directly submit their patronage and revenue reports to SPT via a dedicated portal.

A previously paper based process, the now fully digitised platform has shown improvements in data quality and significant reductions in processing time for both bus operators and SPT staff alike.



Online

Follow us on Twitter at  @SPTcorporate or visit our website spt.co.uk

Your suggestions

If you would like to pass on your suggestions or comments, please email us at: suggestions@spt.co.uk

General enquiries

If you have an enquiry relating to any of our services, please send it to: enquiry@spt.co.uk

By post

Write to us at:

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

Find out more about what SPT is delivering in your local area at
spt.co.uk/transportoutcomereports