

ITEM 9 – FINANCE

Report by: Alice Miles, Acting SDP Manager

Purpose

This report presents the SESplan Unaudited Accounts 2016 / 2017 for SESplan Joint Committee consideration.

Recommendations

It is recommended that the SESplan Joint Committee:

1. Note the SESplan Unaudited Accounts 2016 / 2017 attached as Appendix 1 to this report.
2. Agree to hereby give 14 days' notice that the Unaudited Accounts 2014 / 2015 will be made available on the SESplan website from the 14 July 2015 for a 30 day period.

Resource Implications

As set out below.

Legal and Risk Implications

There are risks to the process if sufficient funding is not available to progress the Strategic Development Plan (SDP) at a rate which provides an up to date strategic planning policy context for the timeous progression of the member authorities' Local Development Plans (LDP), as is required by legislation. All risks are detailed in the SESplan Risk Register and reported to Joint Committee on an annual basis.

Policy and Impact Assessment

No separate impact assessment is required.

1. Unaudited Accounts 2016 / 2017

- 1.1 The Local Authority Accounts (Scotland) Regulations 2014 state that best practice is for the Unaudited Accounts to be considered at Committee prior to the 30 June or no later than the 31 August each year.
- 1.2 The unaudited accounts are included as Appendix 1 to this report and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016 - 2017 and the Service Reporting Code of Practice 2016 - 2017.
- 1.3 Subject to approval by the SESplan Joint Committee the Unaudited Accounts will be uploaded to the [SESplan website](#). Copies of the unaudited accounts will also be available for public inspection between the hours of 9.30am and 4.30pm, Monday to Friday, from 3 July 2017 to 20 July 2017, both days inclusive, at the Fife House, North Street, Glenrothes, Fife Council. Any person interested may inspect a copy of the abstracts of the accounts to be audited, all books, deeds, contracts, bills, vouchers and receipts related thereto, and may take copies of any or all parts of the accounts free of charge. Any person interested may object to the accounts or to any part of those accounts, no later than 21 July 2017 by;
- sending their objection in writing, together with a statement of the grounds thereof, to the appointed auditor, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN and;
 - sending their objection in writing, together with a statement of the grounds thereof to the Controller of Audit, Audit Scotland, 4th Floor, West Port, Edinburgh, EH3 9DN and;
 - sending a copy of that objection and statement to the authority and to any officer of the authority who may be concerned, both at Fife Council, Fife House, North Street, Glenrothes, KY7 5LT.
- 1.4 The auditor shall, if requested by the person objecting, the authority, or by any officer of the authority who may be concerned an opportunity of appearing before and being heard by the auditor with respect to that objection.

2. Next Steps

- 2.1 The Audited Accounts require to be considered by the Joint Committee by the 30 September each year with the Local Authority Accounts (Scotland) Regulations 1985 requiring that they are laid before a meeting of the authority within two months of receipt of the documents. The Audited Accounts will be brought to the SESplan Joint Committee for consideration at its next meeting on the 25 September 2017.

Appendices

Appendix 1 Unaudited Accounts 2016 / 2017

Report Contact

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SESplan

The Strategic Development Planning Authority
for Edinburgh and South East Scotland

SESplan

Unaudited Annual Accounts 2016-17

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MANAGEMENT COMMENTARY

INTRODUCTION

Four strategic development planning authorities (SDPAs) were designated by Scottish Ministers in May 2008 under Section 4 of the Planning etc. (Scotland) Act 2006. SESplan is the Strategic Development Planning Authority for Edinburgh and South East Scotland.

The membership of SESplan comprises 6 local authorities, these being East Lothian Council, City of Edinburgh Council, Fife Council, Midlothian Council, Scottish Borders Council and West Lothian Council.

The key role of SESplan is the preparation and maintenance of an up-to-date Strategic Development Plan (SDP) . This process involves engaging key stakeholders and the wider community. The first SDP was approved by Scottish Ministers on 27 June 2013. The purpose of the SDP is to assess cross boundary issues between the 6 member authorities. These issues include housing, transport, employment, infrastructure and energy .

The SDP replaced the Edinburgh and Lothians Structure Plan, Fife Structure Plan and the Scottish Borders Structure Plan. Housing Land Supplementary Guidance, which provides further details on housing land requirements in support of the SDP, was formally adopted as part of the development plan by all SESplan authorities on 28 October 2014. The individual councils are now preparing Local Development Plans in order to implement the requirements of the approved

The Planning etc. Scotland (Act) 2006 Section 10(8) requires that a second proposed Strategic Development Plan (the Proposed Plan) must be submitted for Examination within 4 years of the approval of the current SDP i.e.no later than 27 June 2017.

As set out in the published Development Plan Scheme and reported to Joint Committee, work on the Proposed Plan began with early awareness raising in April 2014. This was followed by the preparation of a Main Issues Report (MIR2) which was published for a 10 week consultation on the 21 July 2015. A total of 240 consultees responded to MIR2 raising 2,765 comments.

These comments fed into the preparation of the Proposed Plan which was approved for publication by the SESplan Joint Committee on the 20 June 2016. Following ratification by each of the six member authorities, the Proposed Plan was published for a six week period for representations on the 13 October 2016. A total of 802 representations were received from 168 representees.

SESplan's future aims are to meet its statutory duties under the Planning etc. (Scotland) Act 2006 and to support secondary legislation. In particular, the authority will prepare, monitor and keep under review a Strategic Development Plan for Edinburgh and South East Scotland. To enable it to achieve these aims, SESplan will maintain effective governance and strategic management processes and apply effective project management. In 2016-17 , SESplan will publish a Proposed Plan, Action Programme and supporting documents. In 2017-18, the Proposed Plan will be submitted to the Scottish Ministers and it is expected that the Ministers will approve the Plan in early 2018. SESplan is committed to producing statutory supplementary guidance to the Plan within one year of its approval. Following the publication of the independent review of the planning system in May 2016, the legislative framework within which SESplan operates may change but SESplan will continue to meet statutory requirements pending clarification of long term arrangements for development planning in Scotland. SESplan will continue to be supported by professional resources in the Core team and draw on additional resources from member authorities when required.

The previous holder of the post of Strategic Development Plan Manager retired from the post on 4 September 2016. The Project Board has ensured that professional support for the Joint Committee will continue to be provided in accord with SESplan's Constitution through the appointment of Alice Miles as Acting Strategic Development Plan Manager in January 2017 until a permanent appointment is made.

This management commentary is intended to provide a brief narrative on SESplan's financial position, as presented in these annual accounts for the financial year 2016-17.

The financial results for 2016-17 are set out in the following pages along with the accounting policies that have been adopted to ensure that the accounts present a true and fair view of the Authority 's financial performance.

ACCOUNTING POLICIES

The Statement of Accounting Policies sets out the basis on which the financial statements have been prepared and explains the accounting treatment of both general and specific items.

FINANCIAL PERFORMANCE

The Comprehensive Income and Expenditure Statement shows that there was a surplus of £53,445 during 2016-17 , which reflects the resources consumed during the year against the income generated . The expenditure in the year was £226,144 and related mainly to staffing, I.T costs and consultancy costs. This was funded from contributions from partners of £46 550 each, a total of £279,300.

During the year SESplan achieved an under-spend on budget of £60,192 . This was mostly due to a saving of £50,161 on employee costs due to turnover at Acting Manager level. The activities of SESplan are cyclical which means that the organisation needs to use the reserve to cushion the impact of uneven cash flows. The cumulative surplus for the usable reserve is carried forward to 2017-18 and used to support all activities of the Authority.

The Balance Sheet as at 31 March 2017 shows a net asset position of £88,894.

Eileen Rowand MBA, CPFA
Treasurer
30 June 2017

Alice Miles
Acting SDPA Manager
30 June 2017

Councillor Stuart Bell
Convenor of Joint Committee
30 June 2017

STATEMENT OF RESPONSIBILITIES

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Treasurer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to ensure the annual accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- to consider the unaudited accounts at a meeting no later than 31 August.
- to approve the annual accounts by presenting the audited accounts by 30 September.

Signed on behalf of Sesplan

Councillor Stuart Bell
Convenor of Joint Committee

RESPONSIBILITIES OF THE TREASURER

CIPFA/ILASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code), is required to give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2017.

In preparing the annual accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently ,
- made judgements and estimates that were reasonable and prudent,
- complied with legislation, and
- complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Treasurer has also:

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

I certify that these accounts give a true and fair view of the financial position of the authority at the reporting date and its income and expenditure for the year ended 31 March 2017 .

Eileen Rowand MBA, CPFA
Treasurer
30 June 2017

MOVEMENT IN RESERVES STATEMENT

EXPLANATORY NOTE

This statement shows the movement in the year on the different reserves held by the organisation, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and unusable reserves. The (Surplus) or Deficit on the Provision of Services shows the true economic cost of providing the organisation's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the usable reserves. The unusable reserves consist of the Employee Statutory Adjustment Account which absorbs the differences that would otherwise arise on the usable reserves balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the usable reserves is neutralised by transfers to or from the account.

	Note	Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 31 March 2016 carried forward		(42,675)	7,226	(35,449)
<u>Movement in Reserves during 2016-17</u>				
(Surplus) or deficit on provision of services		(53,445)	0	(53,445)
Other Comprehensive Expenditure and Income		0	0	0
Total Comprehensive Expenditure and Income		(53,445)	0	(53,445)
Adjustments between accounting basis & funding basis under regulations		6,026	(6,026)	0
(Increase)-Decrease in Year	5	(47,419)	(6,026)	(53,445)
Balance at 31 March 2017 carried forward		(90,094)	1,200	(88,894)
		Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 31 March 2015 carried forward		(50,836)	5,260	(45,576)
<u>Movement in Reserves during 2015-16</u>				
(Surplus) or deficit on provision of services		10,127	0	10,127
Other Comprehensive Expenditure and Income		0	0	0
Total Comprehensive Expenditure and Income		10,127	0	10,127
Adjustments between accounting basis & funding basis under regulations		(1,966)	1,966	0
(Increase)-Decrease in Year	5	8,161	1,966	10,127
Balance at 31 March 2016 carried forward		(42,675)	7,226	(35,449)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

EXPLANATORY NOTE

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2015-16 Gross Expenditure £	2015-16 Gross Income £	2015-16 Net Expenditure £	Notes	2016-17 Gross Expenditure £	2016-17 Gross Income £	2016-17 Net Expenditure £
222,729		222,729		178,138		178,138
7,453		7,453		7,376		7,376
4,722		4,722		3,434		3,434
54,739		54,739		37,196		37,196
	0	0			0	0
289,643	0	289,643		226,144	0	226,144
	(216)	(216)			(289)	(289)
	(279,300)	(279,300)	8		(279,300)	(279,300)
		10,127		226,144	(279,589)	(53,445)
	0	0			0	0
		10,127		226,144	(279,589)	(53,445)

BALANCE SHEET

EXPLANATORY NOTE

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by SESPlan. The net assets of the organisation (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the organisation may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2016	Balance Sheet as at 31 March	Notes	31 March 2017
£			£
12,450	Debtors and Pre-payments	6	9,167
<u>74,464</u>	Advance to Fife Council Loans Fund	9	<u>97,151</u>
86,914	Current Assets		106,318
<u>(51,465)</u>	Creditors	7	<u>(17,424)</u>
<u>(51,465)</u>	Current Liabilities		<u>(17,424)</u>
<u>35,449</u>	Net Assets		<u>88,894</u>
(42,675)	Usable Reserves		(90,094)
7,226	Employee Statutory Adjustment Account	5	1,200
<u>(35,449)</u>	Total Reserves		<u>(88,894)</u>

The unaudited accounts were issued on 30 June 2017.

Eileen Rowand, MBA, CPFA
Treasurer
20 June 2017

CASH FLOW STATEMENT

EXPLANATORY NOTE

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. SESplan does not generate any cash inflow through investing or financing activities.

2015-16	Notes	2016-17
£ Operating Activities		£
<u>Cash Outflows</u>		
213,881 Cash paid to and on behalf of employees		159,767
<u>67,307</u> Other operating cash payments		<u>97,135</u>
281,188 Total Payments		256,902
<u>Cash Inflows</u>		
(216) Interest received in cash		(289)
<u>(279,300)</u> Other operating cash receipts		<u>(279,300)</u>
(279,516) Total Receipts		(279,589)
1,672 Net Cash Outflow-(Inflow) from Revenue Activities	11	(22,687)
0 Investing Activities		0
0 Financing Activities		0
1,672 Net Decrease(Increase) in Cash-Cash Equivalents		(22,687)
76,136 Cash and cash equivalents at the beginning of the period		74,464
74,464 Cash and cash equivalents at the end of the period	9	97,151

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

A) GENERAL PRINCIPLES

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 and the Service Reporting Code of Practice 2016-17. The accounts are prepared in accordance with the fundamental accounting principles in terms of the characteristics required, the materiality of the information involved and the accounting concepts underlying the preparation of the accounts. The two essential fundamental characteristics are that the financial information is relevant and is a faithful representation of the authority's financial performance. The desirable qualitative characteristics of the financial information are that they are comparable, verifiable, timely and understandable. Every attempt has been made to ensure these characteristics have been achieved. In compiling these accounts underlying assumptions have been made. These are that the accounts should be on the accrual basis; that the organisation is a going concern, and the primacy of legislation.

In calculating relevant figures for the provisions and accruals suitable estimation techniques have been used, using previous years' experience, relevant data and the guidance contained within the Code.

Fife Council is acting as the lead authority for the financial matters in relation to SESplan, therefore, the accounting policies and concepts applied are consistent with those of Fife Council. Those which are relevant for SESplan are detailed in this document.

B) ACCRUALS OF INCOME & EXPENDITURE

In accordance with the Code, the annual accounts have been compiled on an accruals basis. Accruals are made for all material debtors and creditors within the accounts. Accruals have been made for payroll costs where pay has been earned but not paid, supplies and services where they have been received or consumed within the financial year, for interest due and payable on external borrowings and for customer and client receipts due and receivable in the period to which they relate.

The main accrual bases used are as follows :

Payroll Costs : A calculation of the salaries and wages paid in 2017-18 which relate to 2016-17 is made and accrued back to 2016-17 based on the number of days which relate to the period to 31 March 2017.

Travelling Expenses: Estimate of claims paid in 2017-18 that relate to 2016-17.

Holiday Pay: Based on the employees' holiday and flexi leave earned during 2016-17 but not taken by 31 March 2017.

Supplies and Services : Based on purchase ordering and goods receipting information held in the Council's financial systems and by SESplan.

Interest: Based on Fife Council's Investment and Banking team's records of external and internal loans.

C) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

D) PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error . There have been none for this period.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. There have been none for this period.

E) EMPLOYEE BENEFITS & PENSION COSTS

Benefits Payable During Employment

The staff of SESplan are directly employed by Fife Council. All salaries and wages, including any pension related costs, are paid through the Fife Council payroll system and charged to SESplan accounts as they are incurred.

All salaries and wages earned up to 31 March 2017 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi leave entitlements earned by employees , but not taken before the year end, which employees may carry forward into the next financial year.

F) EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, both favourable and unfavourable , that occur between the end of the reporting period and the date when the annual accounts are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the annual accounts are adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period -the annual accounts are not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the annual accounts.

There were no events after the reporting period relevant to SESplan.

G) PROVISIONS

SESplan is required to provide for all known liabilities where the authority has a present obligation as a result of a past event, where it is likely that a payment will be made to settle this obligation and where a reasonable estimate can be made of the amount that will be paid.

At present SESplan does not have any provisions.

H) CONTINGENT ASSETS AND LIABILITIES

A contingent asset arises where an event has taken place that gives SESplan a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within its control.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

A contingent liability arises where SESplan has a possible obligation e.g. through litigation claims, claims from contractors, etc. that could result in financial payment or other settlement to be made in the future. These liabilities are disclosed in the Notes to the Accounts . Where potentially such liabilities are reduced through contributions or recoveries from other parties the net liability is shown.

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

For more information on contingent assets and liabilities, please see Note 10.

I) VALUE ADDED TAX

VAT is included within the relevant revenue or capital accounts only to the extent that it is not recoverable from HM Revenue and Customs. Fife Council manages VAT on behalf on Sesplan.

J) RESERVES

SESplan has a usable reserve which is the accumulated surplus of income received less expenditure incurred. This will be used to fund costs in subsequent financial years . It also has an unusable reserve which reflects the accumulated absences earned by staff but not taken by the end of the financial year.

2. ACCOUNTING STANDARDS ISSUED NOT YET ADOPTED

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted .

Accounting Standards not yet adopted are:-

- Amendments to the reporting of pension fund scheme transaction costs
- Amendments to the reporting of investment concentration (see paragraph 6.5.5.1 (m) of the 17-18 code)

The Code requires implementation from 1 April 2017 and there is therefore no impact on the 2016-17 financial statements .

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events . The critical judgement made in the annual accounts is that there is a high degree of uncertainty about future levels of funding for local government. As SESplan is wholly funded through contributions from the six local authority members, this has implications for the levels of funding available to SESplan in future years. However , the authority has determined that this uncertainty is not yet sufficient to provide an indication that its assets might be impaired as a result of a need to reduce levels of service provision.

4. AUDIT COSTS

The authority has agreed the following fees in respect of the audit work relating to the respective financial years:

2015-16		2016-17
£		£
3,380	Fee for Appointed Auditors	3,380

This is included in the Supplies & Services line of the Comprehensive Income & Expenditure Statement.

5. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2015-16		2016-17
£		£
(5,260)	Settlement or cancellation of accrual made at the end of the preceding year	(7,226)
7,226	Amounts accrued at the end of the current year	1,200
	Amount by which officer remuneration charged to CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	
<u>1,966</u>		<u>(6,026)</u>

6. DEBTORS

2015-16		2016-17
£		£
10,000	Non-government Entities & Individuals	9,167
2,450	Scottish Government	0
<u>12,450</u>		<u>9,167</u>

7. CREDITORS

2015-16		2016-17
£		£
9,682	Other Local Authorities	2,143
41,783	Other Entities and Individuals	15,281
<u>51,465</u>		<u>17,424</u>

8. RELATED PARTY TRANSACTIONS & BALANCES

SEsplan is required to disclose material transactions with related parties i.e. bodies or individuals that have the potential to control or influence it or to be controlled or influenced by it. Disclosure of these transactions allows readers to assess the extent to which the authority 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 with the authority .

For SESplan, these related parties are the 6 local authorities which are the members of the organisation, i.e. East Lothian Council, City of Edinburgh Council, Fife Council, Midlothian Council, Scottish Borders Council and West Lothian Council. During the year SESplan received £46,550 as a funding contribution from each of the above related parties (2015-16, £46,550 from each). The total contributions from the members amounted to £279,300 in 2016-17 (2015-16,

SESplan is located at premises at West Lothian Council. For more information see Note 12.

Fife Council manages SESplan's cash reserves. More details relating to this can be found in Note 9.

There were no amounts due from related parties at 31 March 2017. The amounts due to related parties at that date were:

2015-16		2016-17
£		£
0	City of Edinburgh Council	1,928
9,682	West Lothian Council	215

9. ANALYSIS OF INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS

2015-16		2016-17
£		£
76,136	Balance at 1 April	74,464
(1,672)	Advance to or from other accounts	22,687
<u>74,464</u>	Balance at 31 March	<u>97,151</u>

This is an advance to Fife Council's Loans Fund. Fife Council manages the cash on behalf of SESplan.

10. CONTINGENT LIABILITIES & CONTINGENT ASSETS

SESplan does not have any contingent assets or liabilities.

11. RECONCILIATION OF (SURPLUS)/DEFICIT ON INCOME AND EXPENDITURE TO THE CASH FLOW STATEMENT

2015-16		2016-17
£		£
10,127	(Surplus) or Deficit on the Comprehensive Income and Expenditure Statement	(53,445)
2,450	Increase or (Reduction) in Debtors	(3,283)
(10,905)	(Increase) or Reduction in Creditors	34,041
<u>1,672</u>	Net Cash Outflow-(Inflow) From Operating Activities	<u>(22,687)</u>

12. LEASES

SESplan is located at premises at West Lothian Council. The lease runs until 31 March 2017 and the costs are charged to the Comprehensive Income and Expenditure Statement. For 2016-17 the rent was £3,380 and service charges were £3,996. Rent has been agreed at £2,028 for 2017/18 and service charges are estimated at £2,392, subject to an annual review. The reduction is due agreed reduction in desk space.

13. PENSION SCHEME ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEME

SESplan's members of staff are employed by Fife Council and as such they are entitled to be members of the Superannuation Scheme which is administered by Fife Council. This provides staff with defined benefits upon their retirement and SESplan contributes towards the costs by making contributions based on a percentage of members' pensionable salaries .

It is not possible for SESplan to identify a share of the underlying liabilities in the scheme attributable to its staff. For the purposes of these annual accounts, it is therefore accounted for as a defined contribution scheme.

In 2016-17, SESplan paid £29,955 (£35,850 in 2015-16) in respect of superannuation contributions representing 27.4% of pensionable pay of those individuals who have joined the scheme (2015-16: 22.7%).

The employing authority is responsible for all pension payments related to "added years" it has awarded , together with related increases. There are no awards in respect of staff working for SESplan.

14. EVENTS AFTER THE BALANCE SHEET

There were no events after the reporting period relevant to SESplan.

ANNUAL GOVERNANCE STATEMENT 2016-17

1.0 GOVERNANCE ARRANGEMENTS

1.1 The designation order which formally constituted the Edinburgh and South East Scotland Strategic Development Planning Authority came into force on 25 June 2008 . A formal joint committee comprising of 12 councillors, 2 from each of the six constituent authorities, was established on 27 June 2008. The Joint committee meets three to four times per year (no less than two) to make decisions on the content and preparation of the Strategic Development Plan as well as governance and finance of the Strategic Development Planning Authority .

1.2 SESplan's constitution specifies that the Joint Committee is convened and chaired by one authority which is rotated on an annual basis. At its meeting on 18 November 2013, the Joint Committee agreed that the Convenership of the Joint Committee should, thereafter, rotate every two calendar years. At the same meeting, the Joint Committee approved the appointment of Councillor Ian Perry from the City of Edinburgh as Convener and Councillor Stuart Bell from the Scottish Borders as Vice Convener of the SESplan Joint Committee for the two year period from 1 January 2014 to 31 December 2015. These roles rotated on 1 January 2016 with Councillor Stuart Bell taking office as Convener and Councillor Lesley Laird from Fife becoming Vice Convener . A report dealing with amendments to the governance arrangements was approved by the Joint Committee on 14 December 2015 . The administration of the Joint Committee is the responsibility of the convening local authority .

1.3 As described in its constitution, the Joint Committee has an advisory role only. Its decisions are not binding on constituent authorities but its advice and recommendations will be considered by those authorities in reaching their own decisions . A Scheme of Delegation has been approved which outlines approved levels of delegation between the constituent authorities and the Joint Committee and also the Joint Committee and officers .

1.4 SESplan also has a Project Board which consists of six senior officers, one from each of the constituent councils. The Project Board is responsible to the Strategic Development Plan Authority ('SDPA') for the direction and management of SESplan. The Project Board is responsible for specifying the products of SESplan's programme . Its role includes managing the SESplan manager, ensuring that the decisions of the SDPA are implemented and agreeing reports to be presented to the Joint Committee .

1.5 The Strategic Development Planning Authority for Edinburgh and South East Scotland (SESplan) 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, efficiently and effectively. SESplan also has a duty under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this responsibility , elected members and senior officers are responsible for putting in place proper arrangements for the governance of SESplan's affairs and facilitating the effective exercise of its functions which includes the management of risk .

1.6 In discharging this overall responsibility, SESplan has adopted practices which are consistent with the principles and reflects the requirements of the CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives and Senior Managers) Framework "Delivering Good Governance in Local Government"

1.7 SESplan has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically, it has developed and adopted a risk management strategy for the organisation .

1.8 However, it should be noted that a sound system of Corporate Governance and internal control provides only reasonable, but not absolute, assurance that SESplan will not be hindered in achieving its objectives or in the orderly and legitimate conduct of its business by circumstances which may reasonably be foreseen. A system of Corporate Governance and internal control cannot provide protection with certainty against an organisation failing to meet its objectives or material errors, losses, fraud , or breaches of laws or regulations.

2.0 Purpose of the governance framework

2.1 The governance framework comprises the structure; systems and processes, and culture and values by which the authority is directed and controlled and the activities by which it accounts to and engages with its customers and the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

2.2 Key elements of good corporate governance include honesty, trust and integrity, openness, performance focus, responsibility and accountability, management of risk, mutual respect and commitment to the organisation . To that end the system of corporate governance and internal control in SESplan is based on a framework that includes:

- the Scheme of Delegation
- comprehensive training and development arrangements for councillors and employees
- Financial Regulations
- the Annual Workplan
- comprehensive budgeting systems
- regular planning and performance management reports
- periodic and annual financial reports which indicate actual and projected financial performance against budget
- setting and monitoring targets for financial and other performance
- clearly defined capital expenditure guidelines
- embedding risk management within SESplan
- as appropriate, formal programme and project management disciplines .

2.3 Fife Council acts as the employer of SESplan individuals as well as being the organisation through which SESplan records all expenditure. SESplan , as a result, also adheres to the following :

- Fife Council Code of Conduct for employees
- Parent authority's Code of Conduct for councillors
- Fife Council HR Plans and Policies

2.4 The Internal Audit function is provided by the Audit and Risk Management Services Division of Fife Council. It operates in accordance with the Public Sector Internal Audit Standards. The Division undertakes an annual programme of work approved by Fife Council's Standards and Audit Committee based on a five year strategic audit plan. The strategic audit plan is based on a formal risk assessment process and is amended on an ongoing basis to reflect evolving risks and changes within the Council. SESplan was not included in this annual programme for 2016-17.

2.5 SESplan uses the corporate financial systems of Fife Council, which are subject to review by both the Council's internal audit service and its external auditor . There were no significant lapses in data security.

3.0 Review of effectiveness

3.1 SESplan has responsibility for conducting , at least annually , a review of the effectiveness of its governance framework including the system of internal control. This review of effectiveness is informed by:

- The Audit & Risk Management Services Manager's annual assurance statement for Fife Council. In this regard, the most recent assurance statement states that the systems of Corporate Governance and internal control remain in the main robust with improvements in a number of areas and action being taken to address areas of weakness . In general , a medium level of control exists and reasonable assurance can be placed upon the adequacy and effectiveness of the Council's systems of Corporate Governance and internal control system in the year to 31 March 2016.
- comments made by the external auditors and other review agencies and inspectorates ;
- the review of various forms of customer and stakeholder feedback .

3.2 I am also clear that the Council's financial management arrangements conform to the governance requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Local Government (2010).

4.0 Significant Governance Issues

4.1 There are no significant governance issues. The governance arrangements were reviewed in 2016-17 and changes approved by the Joint Committee on 14 December 2015 .

5.1 Assurance

5.2 Having reviewed the above, it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Authority 's system of internal control.

Alice Miles
Acting SDPA Manager
30 June 2017

Councillor Stuart Bell
Convenor of Joint Committee
30 June 2017

SESplan

REMUNERATION REPORT

All information disclosed in the tables contained within this Remuneration Report has been audited by Audit Scotland . The other sections of the Remuneration Report have been reviewed by Audit Scotland to ensure that they are consistent with the financial statements .

REMUNERATION ARRANGEMENTS

1. Senior Councillors

No remuneration was paid by SESplan to the Local Authority Councillors who are members of the SESplan Joint Committee . There is therefore no information to report.

2. Senior Employees

Senior employees as defined in the Local Authority Accounts (Scotland) Amendment Regulations 2011 include any local authority employee who has responsibility for management of the local authority or a local authority subsidiary body to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons; who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The following table provides details of the remuneration of SESplan's only senior employee as defined by the Act.

Senior Employee	Post	2016-17			2015-16
		Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration £	Total Remuneration £
Ian Angus	Strategic Development Plan Manager	29,009	454	29,463	60,676
Alice Miles	Strategic Development Plan Manager	2,720	0	2,720	0

3. General Disclosure by Pay Band

Remuneration Bands	Number of Employees	
	2016-17	2015-16
£55,000- £59,999	2	1

4. Pension Benefits

Pension benefits for SESplan employees are provided through the Local Government Pension Scheme (LGPS). The LGPS is a funded scheme made up of contributions from employees and the employer . For local government employees this was a final salary pension scheme up until March 2015. This meant that pension benefits were based on the final years' pay and the number of years the person had been a member of the scheme. From April 2015, the scheme has changed to a career average (CARE) scheme but an employee's pre April 2015 pension will still be linked to his or her final salary.

The scheme's normal retirement age for employees is 65.

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 contribution rates were set at 6% for all non manual employees .

The 2016-17 members' contribution rates have not changed from the 2014-15 rates, but there has been a change to the tiers, as follows:

Actual Pay 2016-17	Contribution Rate 2016-17	Whole Time Pay 2015-16	Contribution Rate 2015-16
On earnings up to and including £20,500	5.50%	On earnings up to and including £20,500	5.50%
On earnings above £20,501 and up to £25,000	7.25%	On earnings above £20,501 and up to £25,000	7.25%
On earnings above £25,001 and up to £34,400	8.50%	On earnings above £25,001 and up to £34,400	8.50%
On earnings above £34,401 and up to £45,800	9.50%	On earnings above £34,401 and up to £45,800	9.50%
On earnings above £45,801	12.00%	On earnings above £45,801	12.00%

If a person works part-time their contribution rate is worked out on the actual 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 lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. From April 2015 onwards , the pension will be built up at 1/491h of pensionable pay.

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.

The pension entitlement for the senior employee for the year to 31 March 2016 is shown in the table below, together with the contribution made by the council to the senior employee's pension during the year .

The Local Government Pension Scheme is a funded scheme with contributions from both the employer and the employee (see above for details) and as such the accrued benefits includes both of these contributions.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total local government service, including any service with a council subsidiary body, and not just their current appointment.

The accrued pension benefits include transfers from previous employers. The transferred additional accrued pension benefits for Ian Angus were £28,000 at the point he joined SESplan. His accrued pension benefits at 31 March 2016 were £41,000 (31 March 2015 - £39,000).

Senior Employee	Post	In-year employers contributions			Accrued Pension Benefits	
		For Year to 31 March 2017	For Year to 31 March 2016		As at 31 March 2017	Difference from 31 March 2016
		£	£		£	£
Ian Angus	Strategic Development Plan Manager	6,842	13,559	Pension	0	-41,000
				Lump Sum	0	0
Alice Miles	Strategic Development Plan Manager	642	0	Pension	56	56
				Lump Sum	0	0

Alice Miles
SDPA Manager
30 June 2017

Councillor Stuart Bell
Convenor of Joint Committee
30 June 2017