

SOUTH WEST OF SCOTLAND TRANSPORT PARTNERSHIP

**Meeting of Friday, 18 September 2020 at 10.30am, Remote Meeting
via Microsoft Teams**

Members of the Board

Andrew Wood (Chair)	- Dumfries and Galloway Council
David Bryson	- NHS Dumfries and Galloway
Richard Brodie	- Dumfries and Galloway Council
John Campbell	- Dumfries and Galloway Council
Adam Wilson	- Dumfries and Galloway Council
Ronnie Tait	- Dumfries and Galloway Council
Vacant	- Scottish Enterprise

Future Meetings
20 November 2020

Douglas Kirkpatrick
Lead Officer, South West of Scotland Transport Partnership

SOUTH WEST OF SCOTLAND TRANSPORT PARTNERSHIP

Meeting of Friday, 18 September 2020 at 10.30am, Remote Meeting
via Microsoft Teams

1. **SEDERUNT AND APOLOGIES**
2. **DECLARATIONS OF INTEREST**
3. **MINUTES OF MEETING ON 18 JUNE 2020 – FOR APPROVAL**
4. **BOARD MEMBERSHIP UPDATE – Recommendations –** (i) note that Ministerial approval was received on 31 August 2020 for the reappointment of David Bryson to the SWestrans board on behalf of NHS Dumfries and Galloway for a further four years; and (ii) approve the appointment of Karen Jackson to the SWestrans board on behalf of South of Scotland Enterprise (SoSE) for four years, noting that this is subject to the consent of Scottish Ministers.
5. **REVENUE BUDGET MONITORING REPORT 2020/2021 FOR THE PERIOD ENDING 31 AUGUST 2020 – Recommendation -** note the forecast outturn for the revenue budget as at 31 August 2020.
6. **REPORT BY EXTERNAL AUDIT ON THE 2019/20 AUDIT OF SOUTH WEST SCOTLAND TRANSPORT PARTNERSHIP – Recommendations –** (i) receive the external auditors' report on the 2019/20 audit detailed in Appendix 1; (ii) note that no issues have been identified in the course of the audit which have impacted on the fairness of the financial statements submitted for audit; and (iii) note that the audited accounts will be certified by the Treasurer and Grant Thornton after this meeting.
7. **CAPITAL EXPENDITURE PROGRAMME 2020/21 TO 2022/23 - UPDATE - Recommendations –** (i) note the update provided on progress with the Capital Expenditure Programme 2020/21; and (ii) agree the virement of £150k to Dumfries and Galloway Council as SWestrans contribution to DGRI mitigation works as per paragraph 3.5.
8. **STRATEGIC TRANSPORT UPDATE – Recommendations –** (i) note the publication of the National Transport Strategy; and (ii) note the update on the National Transport Strategy Delivery Plan and the second Strategic Transport Projects Review.
9. **RAIL UPDATE – Recommendation -** note the update on the current level of rail services to and from the region.
10. **ANY OTHER BUSINESS WHICH THE CHAIRMAN MAY DECIDE IS URGENT DUE TO THE NEED FOR A DECISION**

It is recommended that Members of the South West of Scotland Transport Partnership Board agree to consider the following item of business in private and exclude the Press, members of the public and Observers from the meeting given the report contains confidential or exempt information in respect of paragraphs 6, 8, 9 and 10 of Schedule 7A of the Local Government (Scotland) Act 1973.

11. LOCAL BUS SUSTAINABILITY – Recommendation – Members of the Board are asked to consider the recommendations as set out in the report (to be circulated separately to members of the Board only).

Douglas Kirkpatrick
Lead Officer
South West of Scotland Transport Partnership

Claire Rogerson
Secretary to the Board
South West of Scotland Transport Partnership

SOUTH WEST OF SCOTLAND TRANSPORT PARTNERSHIP

Meeting of Friday 19 June 2020
at 10.30am at Remote Meeting via Microsoft Teams

Present

Members

Andrew Wood (Chairman)	-	Dumfries and Galloway Council
David Bryson (Vice-Chairman)	-	NHS Dumfries and Galloway
Richard Brodie	-	Dumfries and Galloway Council
John Campbell	-	Dumfries and Galloway Council
Ronnie Tait	-	Dumfries and Galloway Council
Adam Wilson	-	Dumfries and Galloway Council

Officials

Douglas Kirkpatrick	-	Lead Officer
Claire Rogerson	-	Secretary to the Board
Josef Coombey	-	Policy and Projects Officer
Janet Sutton	-	Finance Officer

Observers

Fraser Smith	-	Stagecoach Scotland
Graham Whiteley		

In Attendance

Katie Hagmann	-	Dumfries and Galloway Council (substitute Board Member)
Sally Hinchcliffe	-	Cycling Dumfries
Nick Evans	-	Democratic Services Manager

1. SEDERUNT AND APOLOGIES

6 Board Members present.

2. DECLARATIONS OF INTEREST

Decision

NONE declared

3. STANDING ORDERS – AMENDMENT

Decision

The Board **AGREED** to endorse the decision of the Lead Officer in consultation with the Chair and Vice-Chair to agree the following changes to Standing Order 7 – Quorum – to amend standing order 7.1 and include a new standing order 7.5.

“7.1 No business shall be transacted at a meeting of the Transport Partnership unless at least one-third of all Members of the Transport Partnership are present. **The number of Members present for the quorum includes those in remote attendance.**”

“7.5 There is provision to allow for board members to attend a meeting of the **SWestrans board or a committee of the partnership either by being present together with other members in a specified place, or remotely which enables Board Members to participate despite not being present with other Board Members.**”

4. MINUTES OF MEETING ON 24 JANUARY 2020

Decision

APPROVED

5. REVENUE BUDGET OUTTURN REPORT 2019/20

Decision

The Board **NOTED** the draft financial outturn for 2019/20 and that a break-even position was achieved.

6. DRAFT REVENUE EXPENDITURE BUDGET 2020/21

Decision

The Board **AGREED** the draft revenue budget for 2020/21 as set out in Table 1 of the report.

7. DRAFT ANNUAL (UNAUDITED) ACCOUNTS 2019/20

Decision

The Board **NOTED** the unaudited Annual Accounts for the financial year ended 31 March 2020 which would be submitted to the Board's external auditors for review.

8. CAPITAL EXPENDITURE PROGRAMME 2019/20 OUTTURN REPORT

Decision

The Board **NOTED** the outturn position on the 2019/20 SWestrans Capital Programme.

9. DRAFT CAPITAL EXPENDITURE PROGRAMME 2020/21 - 2022/23

The Board **AGREED** the draft Capital Programme for 2020/21 to 2022/23 as outlined in Table 1 of the report.

10. BOARD MEMBERSHIP UPDATE

Decision

The Board:-

10.1 **APPROVED** the reappointment of David Bryson to the SWestrans board on behalf of NHS Dumfries and Galloway for a further four years, noting that this is subject to an appraisal submission and the consent of Scottish Ministers; and

NOTED

10.2 that as David Rennie had now left Scottish Enterprise there was a vacancy for the Local Enterprise Agency to be represented on the Board;

10.3 that at the request of Scottish Enterprise, the Secretary had written to the Director of Strategy, Partnerships and Enterprise at the South of Scotland Enterprise in order to confirm whether they wished to take up the position; and

10.4 South of Scotland Enterprise had confirmed their interest in taking up the place on the Board, and that details of a nomination were awaited and would be presented to the Board at the earliest opportunity.

11. SWESTRANS ANNUAL REPORT 2018/19

Decision

The Board **AGREED** the SWestrans Annual Report for 2018/19 as attached at the Appendix of the report.

12. LOCAL BUS UPDATE

Decision

The Board **NOTED**:-

12.1 the changes to commercial local bus service 6 Kingholm Quay to Dumfries;

12.2 the intention of Scottish Borders Council to reduce the current provision on the Monday to Friday evening and Sunday X95 Edinburgh to Galashiels to Langholm to Carlisle local bus service; and

12.3 that disappointment regarding the proposed changes to service X95 Edinburgh to Galashiels to Langholm to Carlisle be outlined in response to the consultation by Scottish Borders Council; and

12.4 **AGREED** that the Lead Officer would look to secure a meeting with Scottish Borders Council via MS Teams and that local ward Members from both Councils be invited to attend.

13. ANY OTHER BUSINESS WHICH THE CHAIRMAN MAY DECIDE IS URGENT DUE TO THE NEED FOR A DECISION

Decision

The Board **NOTED** that there was no item of business deemed urgent by the Chairman due to the need for a decision.

PROCEDURE – The Board **AGREED** to consider the following item of business in private and exclude the Press, members of the public and Observers from the meeting given the report contains confidential or exempt information in respect of paragraphs 6, 8, 9 and 10 of Schedule 7A of the Local Government (Scotland) Act 1973.

14. LOCAL BUS COVID-19 UPDATE

Summary of Report

This report provided Members of the Board with an understanding of the impact that Covid-19 has had on the local bus network and advised of the operational and financial challenges moving through the recovery phases.

Decision

The Board:-

NOTED

14.1 the impacts of COVID-19 on the local bus network;

14.2 the wide range of activity on recovery / restart that is underway; and

14.3 **AGREED** a framework for officers to progress discussions with our partners and suppliers to meet the transport needs of our residents as we continue the recovery phase from COVID-19; and

14.4 **NOTED** that additional Board meetings would be scheduled as required, further noting that that there may be a need to meet more frequently over the summer.

BOARD MEMBERSHIP UPDATE

1. Reason for Report

1.1 This report provides the Board with confirmation of the reappointment of David Bryson to the SWestrans Board as the representative on behalf of NHS Dumfries and Galloway.

1.2 The report also provides the Board with an update regarding representation from the Local Enterprise Agency.

2. Background

2.1. The Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005 Schedule 2 – Constitution and Membership of Partnerships, provides the guidance for membership of the SWestrans Board.

2.2 The guidance provides for Dumfries and Galloway Council to appoint 5 board members and 5 substitute board members. There is provision for two external board members – one from the NHS and one from the local enterprise agency.

2.3 All the positions on the SWestrans Board are excluded positions under the terms of the Gender Representation on Public Boards (Scotland) Act 2018.

3. Considerations

External Member (NHS)

3.1 Following agreement of the Board on 19 June 2020 to the reappointment of David Bryson to the SWestrans board, the reappointment procedures were completed with an assessment undertaken by the Chair with support from the Lead Officer and Secretary, prior to submission to Scottish Ministers for approval.

3.2 The consent of Scottish Ministers was provided on 31 August 2020 for David Bryson's third term on the SWestrans board. The term of appointment is for 4 years.

3.3 The position of Vice-Chair to the SWestrans board, previously held by David Bryson, is now vacant as the position of vice-chair cannot be held for over 2 terms.

External Member (Local Enterprise Agency)

3.4 On 19 June 2020 the Board were advised of the interest of South of Scotland Enterprise (SoSE) in taking up the place on the Board.

3.5 SoSE's nomination is now confirmed as Karen Jackson, Director of Strategy, Partnership and Engagement.

3.6 Karen joined SOSE after a long career in the civil service. After a variety of posts in policy areas as diverse as agriculture, community planning and creative industries, Karen focused on local economic development, with her last role in government leading its South of Scotland team. Her key responsibilities included

developing the proposition for the new South of Scotland enterprise agency and the legislation to establish it as well taking forward practical work required to create the agency. She was also involved in taking forward Scottish Government engagement in the Borderlands Inclusive Growth Deal. She brings to SWestrans that broad experience, including an understanding developed from extensive engagement with stakeholders across the South of Scotland of the issues impacting on the area's economic growth. The importance of an effective and integrated transport network was recognised as being key to unlocking inclusive growth. In the agency, Karen will be responsible for taking forward the development of the agency's strategy and developing strong partnership relationships.

3.7 Agreement of the Board, and the consent of Scottish Ministers is required to complete the appointment process.

4. Consultations

This is a procedural report and appropriate consultation has been undertaken.

5. Implications	
Financial	No financial implications
Policy	No policy implications
Equalities	No equalities implications
Climate Change	No climate change implications
Risk Management	No risk management implications

6. Recommendations

Members of the Board are asked to:

6.1 note that Ministerial approval was received on 31 August 2020 for the reappointment of David Bryson to the SWestrans board on behalf of NHS Dumfries and Galloway for a further four years; and

6.2 approve the appointment of Karen Jackson to the SWestrans board on behalf of South of Scotland Enterprise (SoSE) for four years, noting that this is subject to the consent of Scottish Ministers.

Report Author: Claire Rogerson Secretary to the Board Tel: 01387 260024	Approved by: Douglas Kirkpatrick Lead Officer South West of Scotland Transport Partnership Cargen Tower Garroch Business Park Dumfries DG2 8PN
Date of Report: 9 September 2020 File Ref:	

REVENUE BUDGET MONITORING REPORT 2020/2021 FOR THE PERIOD ENDING 31 AUGUST 2020

1. Reason for Report

To provide the Board with an update on the Partnership's 2020/21 monitoring and forecast outturn position based on the period ending 31 August 2020.

2. Background

The Scottish Government provide revenue funding to SWestrans, with Dumfries and Galloway Council also providing funding. SWestrans requisitions funding from Dumfries and Galloway Council in respect of payments required for public bus service contracts.

3. Key Points

3.1 The **Appendix** shows the revenue budget summary for SWestrans. The published expenditure budget for 2020/21 of £4,308,789 was agreed by the Board on 19 June 2020. It is vital to the economic wellbeing of the Partnership and its stakeholders that the financial resources are managed effectively, and expenditure and income is delivered in line with the approved budget.

3.2 This report forms part of the financial governance and stewardship framework, which ensures that the financial position of the Partnership is acknowledged, understood and quantified on a regular basis. It provides assurance to the members of the Board that resources are being managed effectively and allows corrective action to be taken where necessary.

3.3 Board Members will note that based on the financial performance to date, it is forecast that a balanced budget will be delivered.

4. Consultations

The Proper Officer has been consulted and is in agreement with its terms.

5. Implications	
Financial	As laid out in the report
Policy	No policy implications from this report
Equalities	No equalities implications from this report
Climate Change	No climate change implications from this report
Risk Management	The monitoring relates to the known risks R04 – Capital funding; R06 – Overspending; R07 – Revenue funding; R12 – Third Party liabilities R14 – Withdrawal of DGC Governance support R15 – Cyber crime

6. Recommendation

Members of the Board are asked to note the forecast outturn for the revenue budget as at 31 August 2020.

Janet Sutton - Finance Officer Tel: 01387 260105 Date of Report: 2 September 2020 File Ref:	Douglas Kirkpatrick - Lead Officer South West of Scotland Transport Partnership Cargen Tower, Garroch Business Park Dumfries DG2 8PN
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APPENDIX - Monitoring Report 2020/21 for the period ending 31 August 2020.

SOUTH WEST OF SCOTLAND TRANSPORT PARTNERSHIP
REVENUE BUDGET MONITORING AS AT 31 August 2020

	FINAL OUTTURN 2019/20 £	PUBLISHED BUDGET 2020/21 £	BUDGET ADJUSTMENTS 2020/21 £	ADJUSTED BUDGET 2020/21 £	ACTUAL EXPENDITURE TO 31/08/20 £	PROJECTED OUTTURN 2020/21 £	VARIANCE 2020/21 £
EXPENDITURE							
Staff Costs	95,797	110,848		110,848	21,197	110,848	0
Supplies & Services	872	960		960	0	960	0
Transport Costs	0	2,104	-2,104	0	0	0	0
Administration Costs	18,604	20,193		20,193	0	20,193	0
Payments	4,123,997	4,125,934	2,104	4,128,038	1,647,055	4,128,038	0
Central Support	44,945	48,750		48,750	0	48,750	0
Capital Charges	323,681			0	116,087	0	0
Total Expenditure	4,607,896	4,308,789	0	4,308,789	1,784,339	4,308,789	0
INCOME							
Scottish Government Funding	259,250	259,250		259,250	123,250	259,250	0
D&G Council Funding	117,818	100,000		100,000	0	100,000	0
Other Contributions	4,230,828	3,949,539		3,949,539	58,806	3,949,539	0
Total Income	4,607,896	4,308,789	0	4,308,789	182,056	4,308,789	0
NET EXPENDITURE	0	0	0	0	1,602,283	0	0

REPORT BY EXTERNAL AUDIT ON THE 2019/20 AUDIT OF SOUTH WEST SCOTLAND TRANSPORT PARTNERSHIP

1. Reason for Report

The purpose of this report is to present SWestrans audited annual accounts and the external auditors' report on the 2019/20 audit of SWestrans to this Board in line with the requirements of the International Standards on Auditing 260 (ISA 260).

2. Background

2.1 The Partnership's external auditors are Grant Thornton UK LLP who were appointed on a five year appointment from 2016/17, this is the fourth year of the appointment. Grant Thornton have now concluded their audit of the Partnership's Annual Accounts for the year ended 31 March 2020. There are no qualifications in the audit report on the Annual Accounts. It is the opinion of the External Auditor that the financial statements provide a true and fair view of the Partnership's financial position and income and expenditure for the year.

2.2 Grant Thornton are required to present a report to those charged with governance in the Partnership before 30 September 2020. This report covers the external auditors' wider role, extending to areas such as governance & accountability and performance management & improvement. The report is attached at **Appendix 1**

3. Key Points

The 2019/20 Final Accounts Audit Process

3.1 The main purpose of the external auditors' report to the Board is to highlight any significant matters that have arisen during the course of the audit. There were no key issues highlighted for the Partnership.

3.2 The International Standard on Auditing 580 (ISA 580) requires auditors to obtain assurances from the proper officer on certain issues relating to the annual accounts. A copy of the letter relating to the 2019/20 accounts which will be signed by the Treasurer is contained as **Appendix 2**.

3.3 As previously reported to this board, the regulations on the publication of the annual accounts changed in 2014/15 and the audited accounts will require to be approved by the Board prior to being signed by the Treasurer. Therefore, again this year the unsigned audited accounts have been included as part of this report and are attached in **Appendix 3**.

3.4 There have been no significant changes made from the unaudited accounts which were presented to the Board on 29 June 2020. The following notes have been amended

- The Summary of Accounting Policies (page 14) – to reflect the Code of Practice on Local Authority Accounting in United Kingdom 2019/20 (the code) and the Service Reporting Code of Practice 2019/20 (SeRCoP)
 - Note 4, Critical Judgements in Applying Accounting Policies (Page 17), to reflect the requirements of the code.
 - Note 14, Related Parties (Page 20) to include NHS Dumfries and Galloway as a related party and identify outstanding payments at the year end.
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The final certified annual accounts will be made available to the Board before 31 October 2020, when they will be published on the SWestrans website.

4. Consultation

4.1 The Proper Officer (Finance) has been consulted and is in agreement with the terms of this report.

4.2 The External Auditor is required to audit SWestrans financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission.

5. Implications

Financial	The Financial implications are as laid out in the report
Policy	None
Equalities	None
Climate Change	None
Risk Management	None

6. Recommendations

Members of the Board are asked to:

6.1 receive the external auditors' report on the 2019/20 audit detailed in Appendix 1;

6.2 note that no issues have been identified in the course of the audit which have impacted on the fairness of the financial statements submitted for audit; and

6.3 note that the audited accounts will be certified by the Treasurer and Grant Thornton after this meeting.

Janet Sutton - Report Author Finance Officer Tel: 01387 260105 Date of Report: 11 September 2020 File Ref:	Approved by: Douglas Kirkpatrick Lead Officer South West of Scotland Transport Partnership Militia House English Street Dumfries DG1 2HR
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Appendix 1 – Report to Members and the Controller of Audit on the 2019/20 Audit

Appendix 2 – Letter of Representation

Appendix 3 – Unsigned audited accounts 2019/20



South West of Scotland Regional Transport Partnership (SWestrans)

**External Audit Report for the financial year ended 31
March 2020**

Annual Report to the Board and the Controller of Audit

Draft report for SWestrans Board – 18 September 2020

John Boyd
Audit Director

Rudi Farmer
Audit Associate



Financial statements at a glance



The unaudited Annual Report and Accounts were presented for public inspection on 30 June 2020. In accordance with our annual external audit plan our audit work commenced on 10 August 2020. Due to the travel restrictions and social distancing measures introduced by the government in response to the Covid-19 pandemic, we have delivered the audit remotely. We thank management for their support and assistance throughout the audit.



The Management Commentary is in line with our understanding of SWestrans and in particular their vision and strategic priorities. The Governance Statement, included within the Accountability Report, outlines the governance framework. The Remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) regulations 2014.



We have fulfilled our responsibilities per International Standards on Auditing (ISAs) (UK) and the Audit Scotland Code of Audit Practice throughout our work. This final report to the SWestrans Board and the Controller of Audit concludes our work.

An audit
underpinned by
quality and adding
value to you



We [plan to] issue an unmodified audit opinion on the annual report and accounts.



Significant audit risks were: management override of controls, and the risk of fraud in expenditure recognition as set out in Financial Reporting Council's (FRC) Practice Note 10. An additional significant audit risk was identified in relation to Covid-19 which caused significant disruption to all public sector entities in the later half of March 2020.



We updated our audit materiality to reflect your 2019/20 draft financial statements setting materiality at £92,160 for SWestrans representing 2% of gross expenditure. Our performance materiality has set at £69,120, being 75% of overall materiality.

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Adding value through our external audit work

First and foremost our objective is to ensure we deliver a quality external audit which complies with International Standards on Auditing (ISAs) UK and the Audit Scotland Code of Practice (2016). By ensuring our audit is efficient and effective, underpinned by our quality arrangements, gives you assurance over our opinion.

As appointed auditors of Dumfries and Galloway Council, SWestrans' administering body, we leverage our audit knowledge and understanding of the Council's key financial processes and systems to support our audit work over SWestrans.

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Introduction

Reporting

This report is a summary of our findings from our external audit work for the financial year ended 31 March 2020.

Our work has been undertaken in accordance with International Standards of Auditing (ISAs) (UK) and the Audit Scotland Code of Audit Practice 2016.

Our report is addressed to the South West of Scotland Transport Partnership (SWestrans) Board. In addition, in accordance with our reporting responsibilities, the report is jointly addressed to the Controller of Audit.

Once the signed annual report and accounts is laid in parliament this report will be made publicly available on the Audit Scotland website (www.audit-scotland.gov.uk).

Our report will be presented as a draft to SWestrans Board on 18 September 2020 and will be finalised following signing of the financial statements.

We would like to thank SWestrans and the Dumfries and Galloway Council finance team for an effective year-end audit process and all their support and assistance in the audit process.

Structure of this report

As set out in our Audit Plan, In accordance with the Audit Scotland Code of Practice 2016, we consider SWestrans' meets the smaller body definition. Therefore full wider scope is not considered relevant.

However, as required in the Code of Audit Practice our report concludes on our audit of the annual report and accounts and certain aspects of SWestrans' arrangements as follows:

Financial statements including the Management Report and governance statement– Sections 1, 2 and 3

SWestrans financial sustainability – Section 4

Our Opinion

For the financial year ended 31 March 2020 **we plan to issue an unmodified audit opinion** on the financial statements:

- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 code
- prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003
- Other information in the annual report including Annual Governance Statement
- Other prescribed matters

Materiality

Our audit approach was set out in our audit plan which was finalised on 31 March 2020. We updated our audit materiality to reflect your 2019/20 draft financial statements setting materiality at £92,160 for SWestrans representing 2% of gross expenditure. Our performance materiality has set at £69,120, being 75% of overall materiality.

Since issuing the draft audit plan, we have considered the risk in relation to the impact of Covid-19 pandemic on SWestrans and the risk of material misstatement to the financial statements. The additional risk and our conclusions are reported within this report.

We report to management any difference identified over £4,600, being 5% of overall materiality.

Status of the audit as at 7 September 2020

Our audit procedures over SWestrans accounts are substantially complete subject to the following audit procedures:

- Final disclosure review of the financial statements;
- Subsequent events;
- Management representations;
- Final Engagement leader file review

Internal Audit

As set out in our external audit plan our audit approach is to comply with the ISAs and we did not place formal reliance on the work of Dumfries and Galloway Council's internal audit service during the year. Dumfries and Galloway's internal audit functions to provide internal audit services on behalf of SWestrans.

The overall annual internal audit opinion concludes that "reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control systems for the year to 31 March 2020." From our consideration of IA reports during the year, we did not identify any issues that would impact on our audit approach or require disclosure in the accounts. We note that Internal Audit have not provided direct assurance to SWestrans. While assurance is obtained through Internal Audit assurances to the Council, it is important that SWestrans obtain sufficient independent assurance around the design and operating effectiveness over the governance, risk management and internal control arrangements relevant to SWestrans.

Action Plan Follow up point 2

The audit process

The unaudited accounts were published on 30 June 2020. In accordance with our annual external audit plan our audit work commenced on 10 August 2020. Due to the travel restrictions and social distancing measures introduced by the government in response to the Covid-19 pandemic, we have delivered the audit remotely. There were no adjusted or unadjusted misstatements to the draft primary financial statements (subject to completion of outstanding testing).

We identified minor disclosure adjustments in respect of the draft financial statements including disclosure of financial instruments in the financial statements.

See detail set out in Appendix 1.

Internal control environment

Throughout our audit planning and fieldwork we developed our understanding of the overall control environment (design) as related to the financial statements. In particular we:

- Developed our understanding of procedures and controls around related parties, recording of financial transactions and other key entity level controls.
- Performed procedures around entity level controls and there are no significant matters that we wish to draw to your attention.
- Performed walkthrough procedures on key controls around identified risk areas including revenue, expenditure, journals and financial monitoring controls.

Dumfries and Galloway Council are the administering authority of SWestrans. As appointed auditors of the Council we utilised our audit knowledge and understanding of the Council's controls over key financial processes to inform our audit work.

Our work over controls is limited to our ISA requirements in understanding an entities control environment. Our audit is not controls based and we do not place reliance on controls operating effectively as our audit is fully substantive in nature. We identified no material weaknesses or areas of concern from this work which would have caused us to alter the planned approach as documented in our plan.

Responding to significant risks

Risk area	Identified audit risks at planning
Risk of fraud in Expenditure recognition	Operating expenditure is understated or not treated in the correct period (risk of fraud in expenditure). SWestrans expenditure includes recharges from the Council for the costs of administrative and operational support to SWestrans. In addition, SWestrans provides subsidy payments to local bus network which is recognised as expenditure during the year. With the focus on financial performance on at least breaking even each year, there is a risk Officers may be incentivised to fraudulently record expenditure. We consider the risk to be particularly prevalent around the year end and therefore focus our testing on cut-off of non-pay expenditure.
Work completed	
<ul style="list-style-type: none">• Gained assurance over the adequacy of the design of controls in place over recharges and subsidy payments• Performed substantive testing (at an elevated risk level) expenditure recognised post year end to identify if there is any potential understatement.• Reviewed post year end transactions, challenging the reasonableness of Officers assumptions in deferring expenditure to future years.• Investigating accruals around the year end to consider if there is any indication of understatement of balances held through consideration of the accounting estimates	
Our conclusion	
Based on our testing we conclude (subject to testing being complete and engagement leader review): <ul style="list-style-type: none">• We did not identify any exceptions in our cut-off testing of year end expenditure.• We did not identify any exceptions in the completeness and accuracy of accruals or creditor balances at the year end.• Through our substantive procedures and sample testing we did not identify any indication of fraudulent reporting around expenditure recognition.	

Risk area	Identified audit risks at planning
Management override of controls	<p>As set out in ISA 240 there is a presumed risk that management override of controls is present in all entities. This risk area includes the potential for management (senior officers) to use their judgement to influence the financial statements as well as the potential to override SWestrans' controls for specific transactions.</p> <p>We consider those key judgements that are most susceptible to significant audit risk of management override are those areas senior officers have the potential to influence the financial statement through judgement.</p>

Work completed

Accounting estimates:

In assessing the risk of management override, consider those key accounting estimates and judgements that could impact on the organisation's financial results and where there is an inherently increased risk of fraudulent misstatement or where senior officer bias could result in a material misstatement. Given the nature of SWestrans' financial transactions there were no items where there areas of estimation uncertainty. Officers have identified that critical judgements have been made in relation to recognition of leases where the partnership is a lessor. Where material, we reviewed these areas of estimation to ensure reasonable and agreed to supporting documentation to address the risk of fraudulent misstatement.

Journals/ financial recording testing:

We evaluated journal transactions during the year. In response to the significant risk we will:

- Assessed the adequacy of the design of controls in place to record and report on financial transactions and balances;
- Will risk assess the journals population to identify large or unusual journal entries, such as those that are not incurred in the normal course of business, or those entries that may be indicative of fraud or error that could result in material misstatement. We will test these journals to ensure they are appropriate and that suitably recorded in the financial ledger;
- We will perform targeted testing of transactions around the financial year end reviewing those journals that are large or otherwise appear unusual to understand the rationale for the transaction and accounting treatment.

Our conclusion

Based on our testing we conclude **(subject to final engagement leader review of testing)**:

- There was no evidence of management override in our testing.
- SWestrans' draft financial statements do not include an significant areas of estimation. Given the nature of SWestrans transactions there is limited areas of estimation.
- The financial statements include critical judgements around the recognition of lease arrangements as operating leases (rather than finance leases). We do not consider these to be critical areas of judgement and instead more representative of application of accounting standards (appendix 1)
- We have not identified any unusual or inappropriate transactions during the course of the year that would indicate management manipulation of the financial results. We have confirmed that there is limited opportunity or indication of Officers inappropriately recording transactions in the partner organisations' ledgers in order to misstate SWestrans results.

Risk area

Covid-19

Identified audit risks at planning

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expected current circumstances would have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;

- Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and restrict the evidence we can obtain through physical observation;
- Volatility of financial and property markets will increase the uncertainty of assumptions applied by management in the receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates;
- Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and
- Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.

Work completed





- Worked with management to understand the implications the response to the Covid-19 pandemic has had on the organisation's ability to prepare the financial statements and update financial forecasts, and assessed the implications for our materiality calculations;
- Evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic;
- Evaluated whether sufficient audit evidence could be obtained through remote technology;
- Evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as recovery of receivable balances; and
- Evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment.

Our conclusion




Based on our testing we conclude **[subject to final engagement leader review]**:

- Covid-19 and remote working did not restrict SWestrans' ability to prepare the financial statements or restrict the audit evidence required to complete the audit.
- The potential risk of Covid-19 on SWestrans' did not impact on our assessment of materiality.
- Officer's assumptions underpinning financial forecasts and the going concern assessment have adequately considered the potential impact of Covid-19.
- We have not identified any significant impact on SWestrans' debtor recovery, although acknowledge that the majority of these are with other public bodies
- During the audit we raised a disclosure adjustment for management to recognise the impact of Covid-19 within the governance statement and other sections of the annual report and accounts commentary on Covid and the impact on the governance arrangements (appendix 1).

Accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	Funding	SWestrans is primarily funded through funding contributions from Dumfries and Galloway Council and the Scottish Government. During 2019/20 SWestrans received funding of £3.775 million to deliver services during the year. In addition, SWestrans recognised £509,000 of other income. We are satisfied that this has been recognised in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.	 Green
Judgements and estimates	Key accounting estimates	Given the nature of the financial transactions undertaken by SWestrans the financial statements do not include significant estimate. This is in line with our expectations.	 Green
Remuneration report	Exemption to produce a remuneration report	SWestrans' does not employ any staff and Members are not remunerated by SWestrans' or receive benefits in kind. Therefore a remuneration report is not required for 2019/20.	 Green
Going concern	Financial statement prepared on a going concern basis	SWestrans is funded primarily through contributions from Dumfries & Galloway Council (£3.728 million) and Scottish Government grants (£259,000). SWestrans reported net expenditure for the year of £270,000. This related to depreciation charges on property, plant and equipment, capital grants and losses on sale of non-current asset. As these costs are charged to the Capital Adjustment Account, the net impact on the general fund was £nil. This was consistent with SWestrans' budget. As at 31 March 2020, SWestrans' had net assets of £1.194 million, primarily relating to property, plant and equipment. Officers are satisfied that SWestrans will continue to receive funding from Dumfries & Galloway Council and the Scottish Government to meet annual operating obligations as they fall due over at least a period of 12 months from the date of signing the accounts. As a result they are satisfied that the entity continues to represent a going concern. We have obtained confirmation of SWestrans' funding for 2020/21 and that this funding will continue to be received to meet operating costs from at least 12 months from the date of the financial statements. We raised a disclosure adjustment for Officers to enhance disclosures in the accounts confirming basis of preparation (appendix 1).	 Amber

Assessment

-  Marginal accounting policy which could potentially be open to challenge
-  Accounting policy appropriate but scope for improved disclosure
-  Accounting policy appropriate and disclosures sufficient

Narrative elements of your annual accounts

In accordance with our responsibilities we have reviewed your narrative aspects of the Annual Accounts and Report. We have considered the consistency of this narrative with our understanding and the financial statements and have set out our observations below.

Management commentary

The Management Commentary is in line with our understanding of SWestrans. The statement is clear and concise, and incorporates both financial and operational performance during the year. The information contained in the Management Commentary is consistent with the financial statements and have been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003. The Management Commentary provides users of the accounts with information on SWestrans' financial and nonfinancial performance during the year and its financial outlook for 2020/21. We recommend the report could be enhanced through greater focus against performance targets to measure outcomes against plans as well as the key priorities and risk facing the organisation. (Action Plan Follow up 1)

Overall Observations

We have not identified any inconsistencies between the information contained within the Annual Report and SWestrans' financial statements. The Annual Report provides a summary of the key activities of SWestrans during the year as well as strategic risks and priorities. There is an opportunity to continue to develop the front end of the Accounts to provide greater information to the reader of the accounts of the key priorities, risks and issues facing the organisation and performance in year.

Annual Report and Accounts

Remuneration report

SWestrans have no employees and Members do not receive remuneration therefore there is no requirement to prepare a remuneration report

Governance statement

The Governance statement has been prepared in accordance with the Local Authority Accounts (Scotland) regulations 2014. The statement is supported by Management and Committee assurances to the Board and the internal auditors' assurance over internal controls.

Financial arrangements

Financial management and sustainability

SWestrans reported a breakeven position for the year ended 31 March 2020, with the main expenditure from the subsidies in respect of the local bus network, which totalled £4.6 million. SWestrans face particular financial challenges in balancing public sector funding constraints alongside increasing pressures. Currently SWestrans, like other transport authorities, faces challenges in planning strategically as it is limited to annual funding settlements. In November 2019 a new Transport (Scotland) Act 2019 received Royal Assent, this act included a provision in the order (section 122) that allows the partnership to carry funds over from one financial year to the next and therefore enable a General Fund reserve to be held. The Commencement Order for this Act was agreed at Scottish Parliament in March 2020 and became effective for the 2019/20 Financial Year.

Although SWestrans did not make a surplus in 2019/20, the provisions within the act would enable SWestrans to building reserves in futures years. This would enable SWestrans to work with its strategic partner to look to generate reserves that would provide greater financial autonomy in future years to make strategic investments in year funded through reserves. SWestrans' has an approved budget for 2019/20. While there is a longer term view for capital investment (3 year plan), SWestrans' should look to develop medium to longer term financial plans to support the organisation take a strategic approach to addressing the financial pressures facing the organisation.



Action plan follow up - 3

Governance and Covid-19 response



The Social distancing and travel restrictions imposed by the government in response to the Covid-19 outbreak had a significant impact on the local bus network. This created operational and financial challenges to operators as they moved through recovery phases. SWestrans' agreed a framework to progress discussions and close working relationships with key partners and suppliers to ensure the transport needs of the residents in the region continue to be met throughout the recovery phase of Covid-19.

Operationally, Dumfries and Galloway Council had arrangements to support Officers working remotely and there was limited impact on SWestrans' control environment. Partnership Board meetings are being held remotely through video calls supporting continued governance and oversight through the period. The Partnership Board have agreed to schedule meetings as required to continue to reflect a period of considerable challenge for local operators. The coming months will be critical for SWestrans as travel restrictions are minimised and SWestrans' look to work through the recovery phase from Covid-19.

Appendices

- Audit adjustments
- Action plan and recommendations
- Follow up of prior year recommendations
- Audit fees and independence
- Fraud arrangements
- Communication of audit matters

Audit adjustments

Uncorrected and corrected misstatements

We are pleased to report that there were no material corrected misstatements to the financial statements. During our audit we identified one unadjusted misstatements to the financial statements. We are satisfied that this is not material to the financial statements. (Subject to completion of testing)

Item		Dr (£'000)	(Cr) (£'000)	Description
1	Creditors	12		<i>Being error in deferred income calculation</i>
	Income		(12)	

During the course of our audit work we identified a number of disclosure adjustments required to the draft financial statements. The following are those adjustments that have been adjusted for in the updated draft accounts.

Item	Description	Adjusted
1	Annual governance statement	Disclosure of the impact of Covid-19 on governance arrangements Inclusion of Internal Audit Annual Audit Opinion
2	Accounting Policies	Explicit disclosure required around the accounts being prepared on a going concern basis
3	Annual accounts	Some minor disclosure changes to the financial statements
4	Accounting policies	Minor changes to accounting policies to reflect the specific arrangements in place at SWestrans
5	Critical estimates and judgements	Disclosure updated to reflect conclusion that there are no crucial adjustments or areas of major sources of estimation uncertainty.

Audit recommendation and follow up of 2018/19 recommendations

We are pleased to report we have no recommendations for 2019/20, We set out below our follow up of our 2018/19 recommendations and these are reflected below for information.

Recommendation

1. Management commentary

The Management Commentary provides users of the accounts with information on the SWestrans' financial and non-financial performance during the year and its financial outlook for 2019/20. While the Commentary includes a review of 2018/19 key developments and achievements, there is an opportunity to further develop the reporting in future years to provide performance against key performance outcomes. We recommend that officers look to enhance the Management Commentary contained within the financial statements to provide quantifiable measures of performance against key priorities.

Initial management response

We will continue to review and enhance the commentary where appropriate that will look to add value to the document

Follow up - Ongoing

The Management Commentary provides users of the accounts with information on SWestrans' financial and nonfinancial performance during the year and its financial outlook for 2020/21. We recommend the report could be enhanced through greater focus against performance targets to measure outcomes against plans as well as the key priorities and risk facing the organisation.

Updated Management Response: We will continue to review and enhance the commentary and develop performance targets that will look to add value to the document.

Responsible Officer: Douglas Kirkpatrick

Implementation Date: March 2021

Recommendation

2. Internal Audit

The Internal Audit section of Dumfries & Galloway Council has reviewed these systems and has determined that reasonable assurance can be placed upon the adequacy and effectiveness of the systems. While we recognise that the assurance provided by the Council's Internal Audit services provides some assurance to SWestrans around design and operating effectiveness of key financial processes, there is limited assurance over key strategic risks to the organisation. We recommend that SWestrans explore options, including utilising Internal Audit to obtain independent assurance over key areas of strategic risk. Areas could include financial and operational planning and governance arrangements.

Initial management response

Options to obtain independent assurance over key areas will be explored.

Follow up - Ongoing

During 2019/20 while some assurance to SWestrans around design and operating effectiveness of key financial processes, there is limited assurance over key strategic risks to the organisation. There is an opportunity for SWestrans to obtain independent internal audit assurance over governance, risk management and internal controls relevant to SWestrans.

Updated Management Response: Options to obtain independent assurance over key areas continues to be explored

Responsible Officer: Douglas Kirkpatrick

Implementation Date: 2020/21

3. Strategic Financial Planning

Due to annual funding settlement as well as restrictions on the organisation's ability to hold reserves, SWestrans financial plans are primarily based on an annual basis. Given the financial pressures facing the organisation it is important that medium to longer term financial plans are in place to ensure that SWestrans has a sustainable operating model in place to support service delivery. With the draft Transport Bill, there is potentially opportunity for SWestrans to retain reserves in the future providing an opportunity for more strategic financial planning and investment decisions.

Initial management response

We will review the introduction of a draft financial plan linked to the Councils 3 year plan.

Follow up – Ongoing

The provisions within the act would enable SWestrans to building reserves in futures years. This would enable SWestrans to work with its strategic partner to look to generate reserves that would provide greater financial autonomy in future years to make strategic investments in year funded through reserves. SWestrans' has an approved budget for 2019/20. While there is a longer term view for capital investment (3 year plan), SWestrans' should look to develop medium to longer term financial plans to support the organisation take a strategic approach to addressing the financial pressures facing the organisation

Updated management response: We will review the introduction of a draft financial plan linked to the Councils 3 year plan

Action owner: Douglas Kirkpatrick

Timescale for implementation: 2020/21

Audit fees and independence

External Audit Fee

Service	Fees £
External Auditor Remuneration	8,640
Pooled costs	840
Contribution to Audit Scotland costs	520
Contribution to Performance Audit and Best Value	-
2019/20 Fee	10,000

Fees for other services

Service	Fees £
We confirm that for 2019/20 we did not receive any fees for non-audit services	Nil

Client service

We take our client service seriously and continuously seek your feedback on our external audit service. Should you feel our service falls short of expected standards please contact Joanne Brown, Head of Public Sector Assurance Scotland in the first instance who oversees our portfolio of Audit Scotland work (joanne.e.brown@uk.gt.com). Alternatively, should you wish to raise your concerns further please contact Jon Roberts, Partner and Head of Assurance, 30 Finsbury Square, London, EC2A 1AG. If your feedback relates to audit quality and we have not successfully resolved your concerns, your concerns should be reported to Elaine Boyd, Assistant Director, Audit Scotland Quality and Appointments in accordance with the Audit Scotland audit quality complaints process.

Independence and ethics

- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.
- We have complied with the Financial Reporting Council's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.
- We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standards.
- We are required by auditing and ethical standards to communicate any relationships that may affect the independence and objectivity of the audit team.
- We can confirm no independence concerns have been identified.

Fraud arrangements

The term fraud refers to intentional acts of one or more individuals amongst management, those charged with governance, employees or third parties involving the use of deception that result in a material misstatement of the financial statements. In assessing risks, the audit team is alert to the possibility of fraud at SWestrans.

As part of our audit work we are responsible for:

- identifying and assessing the risks of material misstatement of the financial statements due to fraud in particular in relations to management override of controls.
- Leading a discussion with those charged of governance (for SWestrans this is considered the SWestrans Partnership Board) on their view of fraud. Typically we do this when presenting our audit plan and in the form of management and those charged with governance questionnaires.
- designing and implementing appropriate audit testing to gain assurance over our assessed risks of fraud
- responding appropriately to any fraud or suspected fraud identified during the audit.

As auditors we obtain reasonable but not absolute assurance the financial statements as a whole are free from material misstatement, whether due to fraud or error.

We will obtain annual representation from management regarding managements assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement.

Anti-Money Laundering Arrangements

As required under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 there is an obligation on the Auditor General (as set out in the planning guidance) to inform the National Crime Agency if she knows or suspects that any person has engaged in money laundering or terrorist financing. Should we be informed of any instances of money laundering at SWestrans we will report to the Auditor General as required by Audit Scotland.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance including establishing and maintaining internal controls over the reliability of financial reporting effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is SWestrans' responsibility to establish arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity.

Throughout the audit we work with SWestrans to review specific areas of fraud risk, including the operation of key financial controls. We also examine the policies in place, strategies, standing orders and financial instructions to ensure that they provide a strong framework of internal control.

All suspected frauds and/or irregularities over £5,000 are reported to Audit Scotland by us as your auditors on a quarterly basis.

Communication of audit matters

International Standards on Auditing (UK) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table below.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, including planning assessment of audit risks and wider scope risks	•	
Confirmation of independence and objectivity Confirmed, no matters to report.	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern None identified although commentary included on financial sustainability alongside going concern commentary.	•	•
Views about the qualitative aspects of SWestrans accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures Included within the report.		•
Significant findings from the audit Included within the report		•
Significant matters and issues arising during the audit and written representations that have been sought Included in this report and letter of representation obtained at date of signing.		•
Significant difficulties encountered during the audit None identified.		•
Significant deficiencies in internal control identified during the audit None identified.		•
Significant matters arising in connection with related parties None identified.		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements. None identified.		•
Non-compliance with laws and regulations None identified		•
Unadjusted misstatements and material disclosure omissions Reported in Appendix 1 of this report.		•
Expected modifications to the auditor's report, or emphasis of matter. None identified		•



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit reporting process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the entity or all weaknesses in your internal controls.

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[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP
110 Queen Street Glasgow

[Date] – [TO BE DATED SAME DATE AS DATE OF AUDIT OPINION]

Dear Sirs

**South West of Scotland Regional Transport Partnership
Financial Statements for the year ended 31 March 2020**

This representation letter is provided in connection with the audit of the financial statements of the South West of Scotland Regional Transport Partnership (SWestrans), for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether SWestrans' financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of SWestrans financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting SWestrans and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. SWestrans has complied with all aspects of contractual agreements that could have a material effect on SWestrans' financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- vi. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the body has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

- viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- ix. We have considered the adjusted misstatements, and misclassification and disclosure changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- x. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xii. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the body's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the body's needs. We believe that no further disclosures relating to the body's ability to continue as a going concern need to be made in the financial statements

Information Provided

- xiii. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the body's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within SWestrans via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic from whom you determined it necessary to obtain audit evidence.
- xiv. We have communicated to you all deficiencies in internal control of which management is aware.
- xv. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xvii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects SWestrans, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xviii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xix. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xx. We have disclosed to you the identity of SWestrans' related parties and all the related party relationships and transactions of which we are aware.

xxi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Remuneration report

xxii. We are satisfied that there is no requirement to prepare a remuneration report as SWestrans' do not have any employees and there is no remuneration for Members.

Annual Governance Statement

xxiii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects SWestran risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxiv. The disclosures within the Management Report fairly reflect our understanding of the financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the South West of Scotland Regional Transport Partnership Committee at its meeting on 18 September 2020.

Yours faithfully

Name.....

Position.....Treasurer

Date.....

Signed on behalf of the South West of Scotland Regional Transport Partnership



Annual Accounts

2019/2020

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Membership of the South West of Scotland Transport Partnership Board

Andrew Wood (Chairman) (Dumfries and Galloway Council)
 David Bryson (Vice –Chairman) (NHS Dumfries and Galloway)
 Richard Brodie (Dumfries and Galloway Council)
 John Campbell (Dumfries and Galloway Council)
 Alistair McKinnon (Scottish Enterprise) – to 30 September 2019
 Graham Nicol (Dumfries & Galloway Council) – from 26 September 2019 – 25 October 2019
 David Rennie (Scottish Enterprise) – from 8 January 2020
 David Stitt (Dumfries and Galloway Council) – to 26 September 2019
 Ronnie Tait – from 25 October 2019
 Adam Wilson (Dumfries and Galloway Council)

The Council members have substitutes being:-

Ian Carruthers (Dumfries and Galloway Council)
 Archie Dryburgh (Dumfries and Galloway Council) – to 26 September 2019
 Andrew Giusti (Dumfries and Galloway Council) – to 26 September 2019
 Katie Hagmann (Dumfries and Galloway Council) – from 26 September 2019
 Sean Marshall (Dumfries and Galloway Council) – to 26 September 2019
 Jim McColm (Dumfries and Galloway Council) – from 26 September 2019
 Davie Stitt (Dumfries and Galloway Council) – from 26 September
 Ronnie Tait (Dumfries and Galloway Council) – to 25 October 2019
 Vacancy (Dumfries and Galloway Council) – from 25 October 2019

Management Commentary

Introduction

The Management Commentary is intended to assist readers of the annual accounts through providing an insight into the activities and priorities of the organisation and also through providing an analysis of financial performance as reflected in the following statements.

The South West of Scotland Transport Partnership (SWestrans) was set up under the Transport (Scotland) Act 2005 and Dumfries and Galloway Council's public transport functions were transferred to the SWestrans under a Transfer of Functions Order on 7 November 2006.

The Financial Statements following this present the South West of Scotland Transport Partnership's (SWestrans) financial position for the year ended 31 March 2020. These statements have been prepared in accordance with proper accounting practice as set out in the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The purpose of these Accounts is to provide clear information about the Transport Partnership's financial position and this foreword is intended to give the reader an easily understandable guide to the most significant matters reported in the Accounts.

Activities during 2019/20

The South West of Scotland Transport Partnership continued to balance service provision through its revenue budget, and service development through capital budgets during 2019/20. The Partnership's officers and Board members have continued to participate in the development of local, regional and national initiatives including the National Transport Strategy, the Transport (Scotland) Act 2019 and the second Strategic Transport Projects Review (STPR2).

There were a number of changes to the SWestrans Board in 2019/20. At the start of the year, the five Councillor Board members for SWestrans were Andrew Wood, John Campbell, Adam Wilson, David Stitt and Richard Brodie. These Councillor Board members are joined by two external Board members from NHS Dumfries and Galloway (David Bryson) and Scottish Enterprise (Alistair McKinnon). Alistair McKinnon stepped down from the SWestrans Board on 30 September 2019 due to leaving his role at Scottish

Management Commentary (continued)

Enterprise. The appointment of David Rennie to the Board as the Scottish Enterprise representative was approved by the Cabinet Secretary for Transport, Infrastructure and Connectivity on 8 January 2020. Following a review of outside body nominations by Dumfries and Galloway Council in September 2019, David Stitt was replaced as a Board member by Graham Nicol. Following the sad passing of Graham Nicol in October 2019 there was a further change in Board membership with Ronnie Tait becoming a Board member (moving up from a substitute).

The provision of the local bus services funded by SWestrans and the fragility of the whole network continued to be a focus of the Board throughout 2019/20. Transport Focus, an independent transport user watchdog, presented the findings of the Bus Passenger Survey 2018 to SWestrans officers in April 2019, and these were shared with the Board in May 2019. The survey results, on the whole, were very positive for the region, with 94% of those surveyed very or fairly satisfied with their overall journey. The survey highlighted a number of areas of concern which needed further investigation and action, including value for money, connectivity and publicity. Bus services in the region were identified to be a lifeline service for many residents, with 56% passengers citing their reason for using the bus as 'no option to travel by other means'. This is 12% higher than the Scottish average (44%).

Thirty-eight local bus contracts totalling some £3.631M were due to expire in April and August 2020 and required to be tendered during 2019. The Board, at its meeting in June 2019, agreed that a procurement of all the local bus contracts due to terminate in 2020 was undertaken on a like for like basis in August 2019. This enabled the cost required to retain the network to be known early, any areas of high cost to be identified and addressed through negotiation with operators and would enable full and accurate cost information to be fed into Dumfries and Galloway Council's budget considerations from September 2019. In December 2019, the Board agreed to award on the "as is" timetable at an annual gross cost of £3.624M. These contracts are for a period of one year with up to a one-year extension.

Work continued on the potential development of new rail stations for Dumfries and Galloway. Updates were provided to the Board throughout 2019/20 on the three STAG 2 Appraisals for the Thornhill, Eastriggs and Beattock areas with all three completed in the autumn of 2019. The STAG appraisals are multi-modal and seek to identify and evidence the transport problems and opportunities within each of the study areas, and the most appropriate opportunities for addressing them through the consideration of all sustainable transport modes. A completed and robust transport appraisal in line with STAG provides evidence for decision-makers to inform transport investment decisions. All three appraisals were submitted to Transport Scotland for consideration within the Strategic Transport Projects Review, and the Board await an outcome on this. Other developments in rail in 2019/20 included agreeing to re-establish the Lockerbie Station Liaison Group and securing Local Rail Development funding to appraise accessibility issues at Kirkconnel Station.

SWestrans continued to be a key partner in the development and delivery of the Social Transport Public Social Partnership (PSP) which is seeking to improve the design of transport services delivered on behalf of the regions transport commissioners (SWestrans, Dumfries and Galloway Council, NHS Dumfries and Galloway) and to develop the capacity of the social/community transport sector. The PSP has trialled transport solutions to needs identified through pilot projects, and the progress in 2019/20 in delivering on the PSP has resulted in:

- Ongoing delivery of the 517 Borgue to Kirkcudbright local bus service.
- Initial consultation on the 359 Glentroll to Newton Stewart local bus service
- The continuation of the 2 volunteer car schemes operated by Annandale Community Transport Service (ACTS) and Galloway Community Transport (GCT). This enables patients to access healthcare appointments and has provided transport to a total of 919 patients accumulating 1,781 journeys being provided by volunteers who have contributed 4,254 hours.
- On-going discussion around the development of a transport hub. With the overall vision to make use of the collaborative economy model by working with key transport providers. The use of an interactive web based scheduling and booking solution will enable the ability to match up supply, resources available from Local Authorities, Community Transport Operators and NHS, to demand, transport requirements of communities to enable them to access employability and training, health, social care services and leisure activities.

Whilst the PSP continued to make significant progress over the last year, at its meeting in February 2020, the PSP Steering Group reluctantly agreed an exit strategy to end the current phase of the PSP in May 2020

Management Commentary (continued)

as continuation funding has not been secured. If additional funding is secured in 2020/21 then the PSP can be reconvened, and the next phase can be developed.

SWestrans continued its initiatives during 2019/20 on:

- Lockerbie rail station parking - full planning permission for the first element of the phase 3 site (Sydney Place/Bridge Street) was approved in March 2020 with conditions. It is the intention of SWestrans that the land purchase and work will be complete in 2020/21.
- the improvement and replacement of bus infrastructure.
- the purchase of fully accessible buses for use by local bus companies operating on contracted journeys; and
- the progression of walking and cycling infrastructure linking communities.

In its wider strategy and policy role SWestrans continues to lobby and respond to a number of consultations across all transport modes and on a wide range of other issues at national and local level.

- The Final Report 'South West Scotland Transport Study Initial Appraisal: Case for Change' and suite of accompanying documents was published by Transport Scotland in January 2020 and is a significant piece of work feeding into both STPR2 and SWestrans' new Regional Transport Strategy. The report presents the context for the appraisal of interventions for the South West of Scotland and has considered the rationale for improvements to road, rail, public transport and active travel on the key strategic corridors in the region, with a focus on access to the ports at Cairnryan. SWestrans contributed to this Report as a key stakeholder on the study working group and will continue to input into the regional working group in the coming year as STPR2 work continues.
- At the Board meeting on 20 September 2019, the Board agreed a response to the National Transport Strategy (NTS2) a Draft for Consultation. The National Transport Strategy (NTS2) was published in February 2020 and will inform the work on a new Regional Transport Strategy for the region.
- SWestrans contributed to consultations and engagement on the Transport (Scotland) Bill passed on 10 October 2019. The Act includes powers for local authorities in Scotland, including powers for councils to bring in bus service improvement partnerships or operating their own bus companies, introduce low-emission zones, and introduce workplace parking levies.

Further responses to consultations included on the Call for Evidence to the Infrastructure Commission for Scotland, Climate Change Adaptation Programme 2019-2024, the 'Big Climate Conversation', Low Emission Zones and European Structural Funds. SWestrans also submitted its 2018/19 Climate Change Duties Report in the required reporting format to the Sustainable Scotland Network

Budget Performance Statement

The table below provides a summary outturn statement which outlines expenditure against budget for SWestrans.

	Budget £000	2019/20	
		Actual £000	Variance
Staff costs	96	96	0
Supplies & services	1	1	0
Administrative costs	18	18	0
Payments to other bodies	4,124	4,124	0
Central Support costs	45	45	0
Gross Expenditure	4,284	4,284	0
Government Grants	259	259	0
Other income	4,024	4,024	0
Gross Income	4,284	4,284	0
Net Expenditure	0	0	0

Management Commentary (continued)

SWestrans achieved a breakeven position for the financial year. The major item of expenditure which created the main budget pressure was the subsidies in respect of the local bus network, which totalled £4.1 Million. However, through tight spending controls and active budget management, SWestrans achieved a breakeven position.

SWestrans' received income totalling £4.284 Million with Scottish Government grants and requisitions from Dumfries & Galloway Council being the main contributors to this total.

On 15 November 2019 a new Transport (Scotland) Act 2019 received Royal Assent, this act included a provision in the order (section 122) that would allow a partnership to carry funds over from one financial year to the next and therefore enable a General Fund reserve to be held. The Commencement Order for this Act was agreed at Scottish Parliament in March 2020 and became effective for the 2019/20 Financial Year. Although SWestrans did not make a surplus in 2019/20 if they succeed in doing so in future years it now has the ability to create a General Fund balance at the end of that financial year.

Comprehensive Income & Expenditure Statement

SWestrans' Comprehensive Income & Expenditure Statement for the year ended 31 March 2020 is shown on page 8 of these accounts.

Movement in Reserves Statement

The Movement in Reserves Statement is shown on page 9 of the accounts and shows the movement in the year on the different reserves held by the Transport Partnership, analysed into usable reserves – i.e. those that can be applied to fund expenditure – and unusable reserves.

Balance Sheet

SWestrans' Balance Sheet is shown on page 10 of the accounts and provides details of SWestrans' assets and liabilities as at 31 March 2020.

Cash Flow Statement

The Cash Flow Statement is shown on page 11 of the accounts and shows the changes in the cash & cash equivalents of the Partnership during the course of the year.

Andrew Wood
Chairman

Douglas Kirkpatrick
Lead Officer

Paul Garrett
Treasurer

Statement of Responsibilities for the Statement of Accounts

The Transport Partnership's Responsibilities

The Transport Partnership is required:

- Make arrangements for the proper administration of its financial affairs and to Secure that the proper officer of the Transport Partnership has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Transport Partnership, that officer is the Treasurer (who was also the Section 95 Officer of Dumfries & Galloway Council);
- Manage its affairs, to secure economic, efficient and effective use of resources and safeguard its assets.
- 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).
- Approve the Statement of Accounts.

The Treasurer's Responsibilities

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

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
- Complied with legislation
- 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 the financial statements give a true and fair view of the financial position of the Partnership at the reporting date and the transactions of the partnership for the year ended 31 March 2020.

Paul Garrett
Treasurer

Annual Governance Statement

1. This statement is given in respect of the statement of accounts of the South West of Scotland Transport Partnership. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.
2. The system of internal financial control can provide only reasonable and not absolute assurance that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including the segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by the Board of the Transport Partnership. The system currently includes regular financial reports to the Board and management.
4. The Transport Partnership currently uses the financial systems and resources of Dumfries & Galloway Council. The Internal Audit section of Dumfries & Galloway Council has reviewed these systems and has determined that reasonable assurance can be placed upon the adequacy and effectiveness of the systems.
5. My review of the effectiveness of the system has been informed by the work of managers in the Transport Partnership, the work of Internal Audit and reviews by External Audit.
6. In my opinion, based on the above information, reasonable assurance can be placed upon the adequacy and effectiveness of the Transport Partnership's internal financial control system in the year to 31 March 2020.
7. The Transport Partnership's complies with the requirements on the Role of the Chief Financial Officer in Local Government, contained in the Chartered Institute of Public Finance and Accountancy's (CIPFA's) 2010 Statement and the Local Authority (Scotland) Regulations 2014.
8. In response to the COVID19 Pandemic, the Board operated virtually and remains confident sound governance continues to operate during the period of disruption and is fully committed to maintaining the system to deliver this.

Paul Garrett
Treasurer

Independent auditor's report to the members of the South West of Scotland Transport Partnership and the Accounts Commission **DRAFT**

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual report of South West of Scotland Transport Partnership for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure statement, Movement in Reserves statement, Balance Sheet, and Cash Flow statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the body as at 31 March 2020 and of the income and expenditure of the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is four years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

We report in a separate Annual Audit Report, available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

Responsibilities of the Treasurer and South West of Scotland Transport Partnership for the financial statements

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate. The South West of Scotland Transport Partnership is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual report

The Treasurer is responsible for the other information in the annual report. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report. In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial

statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

John Boyd, for and on behalf of Grant Thornton UK LLP
110 Queen Street
Glasgow
G1 3BX
Date: 18 September 2020

Comprehensive Income & Expenditure Statement

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

2018/19			2019/20			
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£000	£000	£000		£000	£000	£000
4,900	(4,550)	350	Roads and Transport Services	4,608	(4,284)	324
4,900	(4,550)	350	Net Cost of Services	4,608	(4,284)	324
		0	(Gains) & losses on sale of non-current assets			136
		0	Capital grants & contributions			(190)
		350	(Surplus) or Deficit on the Provision of Services			270
		0	Other Comprehensive Income & Expenditure			0
		350	Total Comprehensive Income & Expenditure			270

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Transport Partnership, analysed into usable reserves – i.e. those that can be applied to fund expenditure – and unusable reserves. The movement in reserves statement shows how the movements in year of the Partnership's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to the General Fund. The net increase/decrease line shows the statutory general fund balance in the year following those adjustments.

	Usable Reserves	Unusable Reserves			Total Reserves
	General Fund Balance £000	Capital Adjustment Account £000	Revaluation Reserve £000	Total Unusable Reserves £000	£000
Balance at 31 March 2018	0	(1,789)	(25)	(1,814)	(1,814)
Movements in Reserves during 2018/19					
Surplus or (Deficit) on provision of services	350	0	0	0	350
Total Comprehensive Income & Expenditure	350	0	0	0	350
Adjustments between accounting basis & funding basis under regulations					
- charges for depreciation of non-current assets	(350)	350	0	350	0
- capital grants & contributions applied	0	0	0	0	0
	0	350	0	350	350
Overall Increase/Decrease in year	0	350	0	350	350
Balance at 31 March 2019 carried forward	0	(1,439)	(25)	(1,464)	(1,464)
Movements in Reserves during 2019/20					
Surplus or (Deficit) on provision of services	270	0	0	0	270
Other Comprehensive Expenditure and Income	0	0	0	0	0
Total Comprehensive Income & Expenditure	270	0	0	0	270
Adjustments between accounting basis & funding basis under regulations					
- charges for depreciation of non-current assets	(324)	324	0	324	0
- capital grants & contributions applied	190	(190)	0	(190)	0
- Gains & losses on disposal of non-current assets	(136)	136	0	136	0
	(270)	270	0	270	0
Overall Increase/Decrease in year	0	270	0	270	270
Balance at 31 March 2020 carried forward	0	(1,169)	(25)	(1,194)	(1,194)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Partnership. The net assets of the Partnership (assets less liabilities) are matched by reserves held by the Partnership. Reserves are reported in two categories. The first category of reserves are usable reserves which can be used to help fund services. The second category of reserves is those that the Partnership is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses where the amounts would only become available to provide services if the assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line “adjustments between the accounting basis and funding basis under regulations”.

31 March 2019 £000		31 March 2020 £000	Note
1,464	Property, Plant & Equipment	1,194	8
1,464	Long Term Assets	1,194	
	Short Term Debtors		
30	- Central Government bodies	6	
160	- Other entities & individuals	134	
190	Current Assets	140	
	Short Term Creditors		
(190)	- Other entities & individuals	(140)	
(190)	Current Liabilities	(140)	
1,464	Net Assets	1,194	
1,464	Unusable Reserves	1,194	10
1,464	Total Reserves	1,194	

The Audited Accounts were issued on 18 September 2020.

Paul Garrett
Treasurer

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Transport Partnership during the reporting period. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Transport Partnership are funded by way of grant income or from recipients of services provided by the Transport Partnership.

2018/19 £000		2019/20 £000
350	Net (surplus) or deficit on the provision of services	270
(350)	Adjustment to net (surplus) on the provision of services for non-cash movements	(460)
(0)	Net cash flow from or used in operating activities	(190)
	Investing activities	
0	- Purchase of property, plant & equipment	190
0	Net (increase) or decrease in cash and cash equivalents	0
0	Cash and cash equivalents at the beginning of the period	0
0	Cash and cash equivalents at the end of the reporting period	0

Notes to the Accounts

1. Summary of Significant Accounting Policies

a) General Principles

The Annual Accounts summarise the Council's transactions for the 2019/20 financial year and its financial position at the year end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, and these are required under section 12 of the Local Government in Scotland Act 2003 to be prepared in accordance with proper accounting practice. These practices are the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) and the Service Reporting Code of Practice 2019/20 (SeRCoP), supported by International Financial Reporting Standards (IFRS). They are designed to provide a 'true and fair view' of the financial performance and position of the Partnership.

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

The accounts are prepared on a going concern basis.

b) Accruals of Income & Expenditure

Activity is accounted for in the year it takes place, not simply when cash payments are made or received. In particular:

- suppliers' invoices paid in the two weeks following the year-end have been analysed and included together with specific accruals in respect of further material items provided the goods and services were received in 2019/20,
- all known specific and material sums payable to the Partnership have been included. Revenue for the sale of goods or the provision of services is recognised when it is determined that the service has been provided,
- supplies are recorded as expenditure when they are consumed. When there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet,
- where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge is made to revenue for the income which will not be collected.

c) Cash & 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 and that are readily convertible to known amounts of cash with an insignificant risk of changes in value.

d) Changes in Accounting Policies and Prior Period Adjustments

Changes in accounting policies are only made when required by proper accounting practice or the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Partnership's financial position or financial performance. Where a change is made it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior periods as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

e) Charges to Revenue for Non-Current Assets

The Partnership is charged with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the Partnership,
- revaluation and impairment losses on assets used by the Partnership where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

Notes to the Accounts (continued)

f) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events which occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts is adjusted for events which provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is not adjusted for events which are indicative of conditions which arose after the end of the reporting period. However, where such events would have a material effect, a disclosure is made in the Notes to the Accounts of the nature of the event and the estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

g) Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Accounts, depending on how significant the items are to an understanding of the Partnership's financial performance.

h) Grants & Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions & donations are recognised as due to the Partnership when there is a reasonable assurance that:

- the Partnership will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as grants in advance. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (revenue grants) or Taxation & Non-Specific Grant Income (capital grants) in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & Expenditure Statement, 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 posted to the Capital Grants Unapplied Account. Amounts in the Capital Grant Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

i) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

The Partnership as Lessor

Operating leases

The Partnership has entered into leases relating to the operational use of vehicles, which are accounted for as operating leases. Where the Partnership grants an operating lease over a vehicle the asset is retained on the Balance Sheet.

j) Overheads and Support Services

The costs of Central Support departments, such as Financial Services, Legal Services and accommodation, are procured from Dumfries & Galloway Council. The cost of these is based on services provided to SWestrans during the year.

k) Property, Plant & Equipment

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

Notes to the Accounts (continued)

Recognition

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

Measurement

Assets are carried on the Balance Sheet at fair value, determined as the amount that would be paid for the assets in its existing use.

Revaluation

All assets are formally revalued at least once every five years and the revised amount is then included in the Balance Sheet. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in the value are identified these are accounted for by:

- writing down any balances on the Revaluation Reserve for that asset up to the accumulated gain,
- where there is no or insufficient balance on the Revaluation Reserve, the loss is charged against the relevant service line in the Comprehensive Income & Expenditure Statement.

Impairment

Assets are reviewed at each year end as to whether there is an indication that an asset may be impaired. Where indications exist, the recoverable amount of the asset is estimated and where this is less than the carrying amount, an impairment loss is recognised. Impairment losses are accounted for by:

- writing down any balances on the Revaluation Reserve for that asset up to the accumulated gain,
- where there is no or insufficient balance on the Revaluation Reserve, the impairment loss is charged against the relevant service line in the Comprehensive Income & Expenditure Statement.

Depreciation

Depreciation is provided on all Property, Plant & Equipment, on a straight-line basis over the expected life of the asset. Where an item of Property, Plant & Equipment has major components whose lives are different and whose costs are significant in relation to the total cost of the item, the components are depreciated separately.

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 on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

I) 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 included in the appropriate service in that year so as to be included in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against the Council Tax for the expenditure.

Reserves are categorised under accounting regulations into two broad categories:

- usable reserves, which are available to support services,
- unusable reserves, which are required to facilitate accounting requirements.

m) VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues & Customs (HMRC) and all VAT paid is recoverable from it.

2. Remuneration Report

SWestrans does not employ any staff; therefore, a Remuneration Report is not required for 2019/20.

Notes to the Accounts (continued)

3. 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.

IFRS 16 Leases will require local authorities that are lessees to recognise these leases on their balance sheets as right-of-use assets along with the corresponding lease liabilities, except for low value and short-term leases. As a result of the current Covid-19 response CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2021.

There are no other accounting standards issued and not yet adopted that will have a material impact on the 2020/21 Annual Accounts.

4. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies in note 1, the Partnership has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no critical judgements to disclose.

5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Partnership about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There were no items in the Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year.

6. Events After the Balance Sheet Date

The audited Statement of Accounts were issued by the Treasurer on 18 September 2020. Events taking place after this date are not reflected in the financial statements or notes. There have been no material or non-material events since the date of the Balance Sheet, which have required the figures in the financial statements and notes to be adjusted. SWestrans continued to pay operators as normal following the COVID 19 pandemic with staff and the Board working remotely. The impact on local bus contracts has and continues to be closely monitored.

7. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Transport Authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by partnership in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Notes to the Accounts (continued)

	2018/19 Net Expenditure Chargeable to the General Fund £000	2018/19 Adjustments between the Funding and Accounting Basis £000	2018/19 Expenditure in the Comprehensive Income & Expenditure Statement £000
SWestrans	0	350	350
Net Costs of Services	0	350	350
Other Operating Income & Expenditure	0	0	0
Taxation & Non-Specific Grant Income	0	0	0
(Surplus)/Deficit on the Provision of Services	0	350	350

	2019/20 Net Expenditure Chargeable to the General Fund £000	2019/20 Adjustments between the Funding and Accounting Basis £000	2019/20 Expenditure in the Comprehensive Income & Expenditure Statement £000
SWestrans	0	324	324
Net Costs of Services	0	324	324
(Gains) & losses on disposal of non-current assets	0	136	136
Capital grants & contributions	0	(190)	(190)
(Surplus)/Deficit on the Provision of Services	0	270	270

8. Property, Plant & Equipment

The following table contains details on the movements on the Property, Plant & Equipment assets contained in the Balance Sheet.

	2018/19 Vehicles £000	2019/20 Vehicles £000
Cost or Valuation		
At 1 April	3,475	3,475
Additions	0	190
Disposals	0	(459)
At 31 March	3,475	3,206
Accumulated Depreciation at 1 April	(1,661)	(2,011)
Charge for year	(350)	(324)
Write Back on Disposal	0	323
Accumulated Depreciation at 31 March	(2,011)	(2,012)
Net Book Value at 31 March	1,464	1,194

Notes to the Accounts (continued)

Depreciation

Depreciation has been provided for on non-current assets with a finite useful life, which can be determined at the time of acquisition or revaluation. The depreciation methods and useful lives used within each category of non-current assets have been determined on an individual asset basis in line with the Royal Institute of Chartered Surveyors (RICS) recommended practice. Vehicles are depreciated on a straight-line basis over up to 12 years.

9. Usable Reserves

Movements in the Transport Partnership's usable reserves are detailed in the Movement in Reserves Statement, the Partnership do not hold any usable reserves.

10. Unusable Reserves

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 Comprehensive Income & Expenditure Statement. The Account is credited with the amounts set aside by the Partnership as finance for the costs of acquisition, construction and enhancement.

	2018/19 £000	2019/20 £000
Balance at 1 April	(1,789)	(1,439)
Assets Disposed of during the year	(0)	136
Depreciation of non-current assets	350	324
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement	(0)	(190)
Balance at 31 March	(1,439)	(1,169)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant & Equipment. 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,
- disposed of and the gains are realised.

	2018/19 £000	2019/20 £000
Balance at 1 April	(25)	(25)
Balance at 31 March	(25)	(25)

11. Payments to Members

No payments were made to Members of the SWestrans Board during 2019/20 or 2018/19.

12. Audit Fees

The external audit fee payable for 2019/20 was £10,000 (£9,790 in 2018/19).

Notes to the Accounts (continued)

13. Grant Income

The Partnership credited the following grants and contributions to the Comprehensive Income & Expenditure Statement:

	2018/19 £000	2019/20 £000
Credited to Taxation and Non Specific Grant Income		
Capital grants & contributions	(0)	(190)
Total	(0)	(190)
Credited to Services		
Scottish Government grants	(259)	(259)
Dumfries & Galloway Council service funding	(3,728)	(3,516)
Total	(3,987)	(3,775)

14. Related Parties

The Transport Partnership is required to disclose material transactions with related bodies – bodies or individuals that have the potential to control or influence the Transport Partnership or to be controlled and influenced by the Transport Partnership.

Central Government

Central Government is responsible for providing the statutory framework, within which the Transport Partnership operates, provides some of its funding in the form of grants and prescribes the terms of many of the transactions that the Transport Partnership has with other parties. Details of Central Government Grants received are contained in Note 13 (grant income).

Other Public Bodies

Dumfries & Galloway Council is responsible for providing the funding for the day-to-day operation of the Transport Partnership under the Transport (Scotland) Act 2005. In 2019/20, the Council provided £100k (£100k in 2018/19) as match funding to a Scottish Government grant for core running costs, a capital grant of £190K (£233k 2018/19) and a further £3.416 Million (£3.395 Million in 2018/19) was requisitioned by the Transport Partnership to cover the operating costs for 2019/20. SWestrans does not employ its own staff and during 2019/20 Dumfries & Galloway Council charged SWestrans £142k (£167k in 2018/19) in respect of staff support, supplies and other support services. NHS Dumfries and Galloway contribute £70k (£70k in 2018/19) to a specific bus contract. At the year end £71k (3k in 2018/19) was outstanding for payments to Dumfries and Galloway Council.

15. Leases

Partnership as Lessor

SWestrans purchased 2 buses in 2019/20 (0 buses in 2018/19) and 33 (31 in 2018/19) buses are leased to private bus operators as part of specific route tenders. No income is received from these operating leases.

CAPITAL EXPENDITURE PROGRAMME 2020/21 TO 2022/23 – UPDATE

1. Reason for Report

To update the Board on the Capital Programme for 2020/21 to 2022/23.

2. Background

2.1 At its meeting on 19 June 2020, the Board agreed the capital programme as shown in Table 1 below:

<u>SWestrans Capital Programme 2020/21 – 2022/23</u>	Total Budget Allocated 2020/21	Total Budget Allocated 2021/22	Total Budget Allocated 2022/23	Total
	£	£	£	£
Purchase of Accessible Buses	293,875	240,000	300,000	833,875
Bus Infrastructure	48,163	50,000	100,000	198,163
Rail Station Parking	805,856	300,000	0	1,105,856
Active Travel Projects	292,938	210,000	400,000	902,938
TOTAL	1,440,832	800,000	800,000	3,040,832

Table 1 – SWestrans amended Capital Programme 2020/21 – 2022/23

2.2 **Appendix 1** shows monitoring of the 2020/21 spend to 30 June 2020.

3. Key Points

3.1 Each of the elements of the Capital Programme for 2020/21 is discussed briefly in paragraphs 3.2 to 3.6.

Purchase of Accessible Buses

3.2 The two 29 seat low floor vehicles are due to arrive in September 2020. The total cost is £284,796.

Bus Infrastructure

3.3 Spend continues on this element of the programme and it is anticipated that the budget available will be fully spent by the end of the financial year.

Rail Station Parking

3.4 Land purchase for Phase 3 has now been concluded, the site secured and construction work to create the 45 space car park is due to start shortly. It is anticipated that the budget available will be fully spent this financial year.

Active Travel Projects

3.5 The Board are asked to agree that the £150K of funding earmarked for the SWestrans contribution to the DGRI mitigation works be transferred to Dumfries and Galloway Council as the lead partner in this project.

3.6 As expected, the Scottish Government has provided £129K funding for 2020/21 for the Active Travel projects below which will require 100% match funding from SWestrans. Work is underway on their delivery:

- Dumfries Learning Town (£30K) – Provision of the infrastructure identified in the Dumfries Learning Town Active Travel Strategy, merging with and building on the work in 2019/20.
- Cycle Parking at Interchanges (£10K) – Install E-bike docking stations at ferry terminals and bus interchanges across Dumfries and Galloway to enable longer active travel journeys to be made in mostly rural areas.
- Fund for Disabled People (£20K) - A dedicated fund to address issues raised by disabled people utilising active travel to improve accessibility in the Dumfries and Galloway area.
- Remove Barriers to Active Travel (£39K) – Delivering active travel minor works for removing barriers to utility walking and cycling journeys.
- Signage programme (£30K) – Install strategic active travel signage in each of the 16 towns in the Region with a population of more than 2,000 people.

4. Implications	
Financial	It is intended to bring regular reports to the Board on the progress with the capital programme during 2020/21.
Policy	No change in policy. This work fulfils SWestrans policy objectives.
Equalities	Provision of good quality infrastructure will enhance travel choice and experience for those with protected characteristics.
Climate Change	Provision of good quality infrastructure that enhances opportunity for increased uptake of active and sustainable travel will have a positive impact on climate change objectives.
Risk Management	Progression of the Capital Programme relates to two known risks: R02 – Public image; R04 – Capital Funding.

5. Recommendations	
Members of the Board are asked to:	
5.1	note the update provided on progress with the Capital Expenditure Programme 2020/21.
5.2	agree the virement of £150k to Dumfries and Galloway Council as SWestrans contribution to DGRI mitigation works as per paragraph 3.5.

Douglas Kirkpatrick - Report Author Tel: 01387 260136	Approved by: Douglas Kirkpatrick Lead Officer South West of Scotland Transport Partnership Cargen Tower Garroch Business Park, Dumfries, DG2 8PN
Date of Report: 7 September 2020 File Ref: SW2/meetings/2020	

Appendix 1 – Capital Programme spend to 30 June 2020

Swestrans - Current Year Monitoring Position

Future Budgets

Full Project Costs

<u>Programme/Project</u>	Prev Yrs Spend	Total Budget Allocated	Budget Virement or Adjust	Revised Total Budget Alloc	Reported Net Spend @30/6/20	Forecast as at 31.03.21	Variance 2020/21	(Acceleration)/ Slippage to 2021/22	Indicative Budget 2021/22	Indicative Budget 2022/23	Budget	Forecast	Variance
		2020/21	2020/21	2020/21									
Purchase of Accessible Buses		293,875		293,875	0	293,875	0	0	240,000	300,000			
Bus Infrastructure (including shelters, PUDOs and RTI)		48,163		48,163	0	48,163	0	0	50,000	100,000			
Rail Station Parking	94,518	805,856		805,856	64	805,856	0	0	300,000	0	1,200,374	1,200,374	0
Active Travel Projects		292,938	-150,000	142,938	153	142,938	0	0	210,000	400,000			
Total		1,440,832	-150,000	1,290,832	217	1,290,832	0	0	800,000	800,000			

STRATEGIC TRANSPORT UPDATE

1. Reason for Report

To update Members of the Board on the National Transport Strategy (NTS2) and Strategic Transport Projects Review (STPR2).

2. Background

2.1 At the Board meeting on 20 September 2019, the Board agreed a response to the National Transport Strategy (NTS2) a Draft for Consultation.

2.2 The National Transport Strategy (NTS2) was published on 5 February 2020 and is available through the following link

<https://www.transport.gov.scot/publication/national-transport-strategy-2/>

2.3 At the same meeting, the Board agreed a response to the Draft Report 'South West Scotland Transport Study Initial Appraisal: Case for Change'.

2.4 The Final Report 'South West Scotland Transport Study Initial Appraisal: Case for Change' was published on 28 January 2020 and can be accessed through the link below:

<https://www.transport.gov.scot/media/47032/swsts-inital-appraisal-case-for-change-including-appendices.pdf>

2.5 On 27 February 2020, Transport Scotland published a national report and a series of eight draft Case for Change Reports for the STPR2. These are available to be view at the following section of Transport Scotland's website:

www.transport.gov.scot/our-approach/strategy/strategic-transport-projects-review-2/

3. National Transport Strategy

3.1 The NTS2 sets out priorities for Scotland's transport system over the next 20 years. The updated vision is that: we will have a sustainable, inclusive, safe and accessible transport system helping to deliver a healthier, more prosperous and fairer Scotland for communities, business and visitors. The updated priorities are:



3.2 To achieve the Priorities the NTS2 sets out to embed a Sustainable Travel Hierarchy for decision making which overarches all the Policies. This will promote walking, wheeling, cycling, public transport and shared transport options in preference to single occupancy private car use for the movement of people. Promotion of efficient and sustainable freight transport for the movement of goods, particularly the shift from road to rail will be prioritised.

3.3 In addition, at the national level the Sustainable Investment Hierarchy will be used to inform future investment decisions and ensure transport options that focus on reducing both inequalities and the need to travel unsustainably are prioritised. There is also a need to focus on maintaining and safely operating existing assets, taking due consideration of the need to adapt to the challenges, opportunities and impacts of climate change. Investment promoting a range of measures, including innovative solutions, to make better use of existing capacity will then be considered, ensuring that existing transport networks and systems are fully optimised. Only following these steps will investment involving targeted infrastructure improvements be considered.

3.4 All future investment decisions will be assessed against their contributions to supporting the NTS2 and, in particular, how they impact against the climate action outcomes within it as well as wider climate change targets.

3.5 Work is on-going to determine the best approach to the Transport Citizens' Panels indicated in the NTS2 which are aimed at better understand the lived experiences of people across Scotland. Consideration is being given to the wide

range of potential approaches to set ups of panels or working groups to engage with the members of the public on the various transport needs borne out through lived experience.

3.6 Transport Governance considerations formed part of the NTS2 review process and consultation. The work to date has concluded that there is a case for change and that it is likely to focus on more regional delivery, allowing for spatial variation. Further work is required, and Ministers are clear that there will not be change for change sake. The previous Role and Responsibilities group is likely to be refreshed and re-established as part of the next steps to ensure the previous approach to collaborative working with key stakeholders such as COSLA, SOLACE and the RTPs is continued.

3.7 An NTS2 Delivery Plan to help to inform the priorities of future decision making at national, regional and local level was due to be prepared and published following the NTS2. This was originally due to be published in June 2020 and then updated annually.

3.8 Publication of the Delivery Plan has been postponed as Transport Scotland has been working to deliver the Covid-19 Transport Transition Plan in recent months. It is now turning its attention to wider and longer-term agendas, including the key role that transport has to play in that recovery, however a revised date has not been confirmed at this time.

4. Strategic Transport Projects Review

4.1 The second Strategic Transport Projects Review (STPR2) is the Scotland-wide review of the strategic transport network across all transport modes. The review will give Scottish Ministers a programme of potential transport investment opportunities for the period 2022-2042 and inform the next Infrastructure Investment Plan.

South West Scotland Transport Study

4.2 The Final Report 'South West Scotland Transport Study Initial Appraisal: Case for Change' and suite of accompanying documents is a significant piece of work feeding into the STPR2.

4.3 The report presents the context for the appraisal of interventions for the South West of Scotland and has considered the rationale for improvements to road, rail, public transport and active travel on the key strategic corridors in the region, with a focus on access to the ports at Cairnryan.

4.4 The study has identified the key transport problems and opportunities in the study area and was undertaken in line with Scottish Transport Appraisal Guidance (STAG). Evidence-based problems have formed the basis for the development of Transport Planning Objectives (TPOs) and the generation, sifting and development of a wide range of interventions across all modes in the study area, which have subsequently been appraised and packaged.

4.5 Based on detailed data analysis and an extensive public and stakeholder engagement programme, a number of problems have been identified around the key themes of:

- Average Journey Times

- Mobility
- Journey Time Reliability
- Connectivity
- Environmental Impact
- Cost
- Safety

4.6 The multi-modal problems identified through these exercises have subsequently been mapped against the themes and used to help inform the development of TPOs for the study:

- TPO1: Reduce journey times across the strategic transport network in the study area to the ports at Cairnryan.
- TPO2: Reduce accident rates and the severity of accidents on the trunk road network in the South West of Scotland.
- TPO3: Improve the resilience of the Strategic Transport Network across the South West of Scotland.
- TPO4: Improve journey quality across the road, public transport and active travel networks in the South West of Scotland.
- TPO5: Improve connectivity (across all modes) for communities in the South West of Scotland to key economic, education, health and cultural centres including Glasgow, Edinburgh, Ayr, Kilmarnock and Carlisle.

4.7 Following the development of the TPOs, and a process of option sifting and packaging, 23 multi-modal option packages across the study area were identified for further appraisal through the STPR2 process. As part of the sifting exercise, a number of options were sifted out, including local options and options outwith the study area. These have been identified for further development by partner organisations and third parties.

4.8 The options recommended for taking forward for further assessment as part of STPR2 are presented below:

1. Improved transport integration at main hubs – Package of measures to improve integration of transport at main transport hubs and interchanges (e.g. Stranraer, Dumfries and Lockerbie), including improved integration of bus and rail times, improved cycle connectivity to rail stations and ticket integration.
2. Development of the Strategic Active Travel Network – Package of measures to develop the Strategic Active Travel Network in the South West of Scotland to better connect communities to key destinations, including cycle paths parallel to trunk roads and improvements to the National Cycle Network.
3. New Rail Stations on the Glasgow South Western Line – New rail stations on the Glasgow South Western Line, such as at Cumnock, Thornhill, Eastriggs, Pinwherry, Dunragit and South of Ayr.
4. Enhanced Rail Services on the Glasgow South Western Line – Package of measures to enhance rail services on the Glasgow South Western Line, such as rail service, rolling stock and infrastructure improvements and Stranraer Station relocation.
5. New Rail Stations on the West Coast Main Line - New station at Beattock.
6. Enhanced Rail Services on the West Coast Main Line – Package of measures to enhance rail services on the West Coast Main Line, such as increased

- services operating from and improved access to rail services at Lockerbie, including increased park and ride provision.
7. New Rail Link between Dumfries and Stranraer Development of a rail link between Dumfries and Stranraer.
 8. New Rail Link between Stranraer and Cairnryan – Development of a rail link between Stranraer and Cairnryan.
 9. New Rail link between the Glasgow South Western Line and the West Coast Main Line – Development of a rail link between the Glasgow South Western Line and the West Coast Main Line.
 10. Enhanced Rail Freight Capacity Enhancement of rail freight capacity, such as freight hubs at Girvan and Barrhill.
 11. Development of the Timber Transport Network – Package of measures to support the transport of timber freight by road, rail and sea in the South West of Scotland.
 12. Development of Enhanced Diversionary Routes and Route Planning – Package of measures and improvements to the secondary road network which performs a strategic function when the trunk road network is closed to increase resilience of the transport network.
 13. Development of Enhanced Service, Rest Areas and Laybys – Package of measures to deliver improved rest provision for all road users in the South West of Scotland, such as truck/lorry stops and rest facilities on the A75 and A77 and enhanced laybys for buses on main routes.
 14. HGV Speed Limit Increase HGV speed limit increase to 50mph on the trunk road network in the South West of Scotland.
 15. A75 Capacity Enhancements Development of capacity enhancement measures on the A75, such as partial dualling, town/village bypasses and improved overtaking opportunities.
 16. A75 Safety Measures Implementation of targeted measures, such as improvements to road geometry, bends and junction improvements to improve safety on the A75. Package will also include consideration of safety camera deployments through the Scottish Safety Camera Programme annual site prioritisation exercise.
 17. A77 Capacity Enhancements – Development of capacity enhancement measures on the A77, such as partial dualling, town/village bypasses and improved overtaking opportunities.
 18. A77 Safety Measures Implementation of targeted measures, such as improvements to road geometry, bends and localised junction improvements to improve safety on the A77. Package will also include consideration of safety camera deployments through the Scottish Safety Camera Programme annual site prioritisation exercise.
 19. A76 Capacity Enhancements – Development of capacity enhancement measures on the A76, such as improved overtaking opportunities and town/village bypasses.
 20. A76 Safety Measures – Implementation of targeted measures, such as route improvements to enhance road geometry, bends and junction improvements to improve safety on the A76.
 21. Road Capacity Enhancements between Dumfries and the A74(M) – Development of road capacity enhancements between Dumfries and the A74(M), such as partial dualling which would improve overtaking

opportunities, and/or bypasses. Package also potentially includes considering the possibility to re-classify the status of the A701 and A709 roads.

22. Road Safety Measures between Dumfries and the A74(M) – Implementation of targeted measures between Dumfries and the A74(M), such as road geometry, bends, junction improvements and measures to address pinch points.

23. Junction Improvements (M6) – Improvements to the M6 for North to West movements (i.e. coming off the A74(M) north to the A75).

4.9 The next steps include a Preliminary Options Appraisal that would undertake a qualitative appraisal of the recommended options above including an assessment of:

- The likely impacts of the options against the Transport Planning Objectives developed for STPR2;
- The likely impacts of the options against STAG criteria [i.e. Environment, Safety, Economy, Integration, and Accessibility and Social Inclusion];
- Options appraisal against established policy directives; and
- Feasibility, affordability and public acceptability of options.

Case for Change Reports

4.10 The national report and eight draft Case for Change Reports bring the remaining eight STPR2 regions to the same stage as the Borders, South West and the North East as advanced regions for STPR2.

4.11 Transport Scotland have indicated that, as far as possible, a level of consistency has been maintained with the content of the reports across the eight regions and the three advanced regions. There are some differences with the draft reports in terms of overall appearance and the formation of the objectives. On the latter point, the objectives for the eight regions take the form of regional sub-objectives/outcomes which sit under five national objectives.

4.12 The Case for Change reports have been developed based on a review of existing policies and strategies, data analysis, partnership working and extensive stakeholder engagement including online surveys.

Revised Timescales

4.13 Key government deliverables this year, including the National Transport Strategy Delivery Plan, the Climate Change Plan Update, the National Planning Framework 4 as well as the Infrastructure Investment Plan have all had their publication dates changed in response to COVID-19.

4.14 The pace and scale of collapse in economic and social activity as a result of managing COVID-19 is unprecedented and has had a significant impact on travel demand. Public transport demand was at 10% of normal levels at the height of lockdown and remains impacted by the need for physical distancing and a drop in public confidence in using it. Whilst forecasting future travel demand prior to the crisis carried an inherent degree of uncertainty, the level of uncertainty has increased further.

4.15 Given the scale of uncertainty and the close linkages that these other pieces of work have in the context of STPR2, Transport Scotland are considering the implications for transport and how to re-start the STPR2 process. This is to ensure

that this will help identify interventions that would aid or help accelerate economic recovery where appropriate.

4.16 Transport Scotland now intend to take a phased approach to STPR2, with Phase 1 reporting along the original planned timescales and focusing on recommendations which “lock in”, in transport terms, the positive benefits and travel behaviors of individuals and provide a step change in investment which supports the priorities and outcomes of the NTS2.

4.17 They currently envisage that Phase 2, which will complete the review, will report later in 2021. They hope to be in the position to start the engagement process on the options lists and option sifting process for STPR2, as was originally intended earlier in the year, in Autumn 2020. SWestrans, as part of the South of Scotland Working Group, will be engaged as part of this process.

5. Implications	
Financial	There are no direct financial implications.
Policy	NTS2 and STPR2 will inform the refresh of the SWestrans RTS which will be required to align our regional delivery to the national vision, policies and outcomes.
Equalities	There are no direct equalities implications. Any future policy change may have equalities implications which will be monitored as the NTS2 Delivery Plan develops.
Climate Change	A key priority for NTS2 is to take climate action. Any major infrastructure investment associated with STPR2 will require to consider how it impacts on climate action, how it adapts to the effects of climate change, how it helps deliver a net-zero target and how it will promote greener, cleaner choices.
Risk Management	The Risk Register will be updated as required to mitigate any risk to SWestrans as STPR2 and NTS2 Deliver Plan progress.

6. Recommendations
Members of the Board are asked to:
6.1 note the publication of the National Transport Strategy; and
6.2 note the update on the National Transport Strategy Delivery Plan and the second Strategic Transport Projects Review.

Joe Coombey - Report Author	Approved by: Douglas Kirkpatrick Lead Officer
Date of Report: 09 September 2020	South West of Scotland Transport Partnership
File Ref: SW2/meetings/2020	Cargen Tower Garroch Business Park Dumfries, DG2 8PN

RAIL UPDATE

1. Reason for Report

To update Members of the Board on the current level of rail services to and from the region.

2. Background

The region is served by three railway lines:

- The Glasgow and Southwestern Line (GSWL) which runs down the Stranraer Line which connects the far west of the region into the Central Belt network at Ayr, and with services on to Kilmarnock.
- The Glasgow and Southwestern Line (GSWL) which runs down the Nith Valley. Stations in Dumfries and Galloway include Kirkconnel, Sanquhar, Dumfries, Annan, and Gretna.
- The West Coast Main Line (WCML) passing through the east of the region, with a station at Lockerbie.

3. Timetables

COVID-19

3.1 Transport Scotland has been monitoring transport trends during the COVID-19 outbreak. This information provides a snapshot of travel across main modes when compared to this time last year. They can be accessed online:

<https://www.transport.gov.scot/our-approach/statistics/#63626>

3.2 Passenger numbers travelling by rail have been greatly impacted since the start of lockdown, and relatively lower than road traffic numbers as people have shied away from public transport. For example, in week commencing 14 April 2020, rail passenger numbers were down by 95% year on year Scotland wide, compared to 75% down on the road network.

3.3 The rate of return of patronage on public transport has been slower than that to car journeys. For the week commencing 20 July 2020, rail journeys were still down 75% nationally, whereas car journeys were down by 10%.

3.4 At the time of writing, the latest transport trend data (for 24 - 30 August 2020, published on 3 September 2020) showed that rail journeys were down by 65% (bus down 55%, car down 5%).

3.5 There are three rail operators who deliver timetabled services within the region – ScotRail, TransPennine Express, and Avanti West Coast – and all three are working to different plans to phase back services where possible.

3.6 ScotRail are operating at around 90% of the 3 August to December 2019 timetable. Full timetable is operating in the SWestrans area.

GSWL – Nith Valley Line

3.7 ScotRail have provided regular and useful updates to SWestrans, and hold Regional Transport Partnership meetings on their timetables, passenger levels and COVID-19 arrangements.

3.8 They introduced their Stage 4 timetable on Monday 3 August 2020 and will maintain this level of service for the rest of the timetable period (until 12 December 2020).

3.9 ScotRail are running a normal service on the GSWL - Glasgow to Kilmarnock and Carlisle. This means the timetable has returned to its pre-COVID-19 level.

3.10 Elsewhere, across much of the network, ScotRail do not have sufficient traincrew to reinstate their full off-peak timetable. This is due to higher than normal short-term absence as a result of COVID and delays to trainees passing out due to the suspension of the driver training programme. Some services from the base May 2020 plan were also removed to ensure service reliability given reduced traincrew availability.

3.11 The shortage of train crew is likely to impact on a number of timetable enhancements across Scotland that were planned as part of the December 2020 timetable change.

GSWL – Stranraer Line

3.12 ScotRail are running a normal service on the GSWL – Stranraer Line. This means the timetable has returned to its pre-COVID-19 level.

3.13 There is reduced evening service on the Ayr – Girvan route, where the 2030 Ayr to Girvan; 2230 Ayr to Girvan; 2102 Girvan to Ayr; and 2229 Girvan to Ayr have all been cancelled. These are not believed to impact on passengers to and from Stranraer.

WCML – Lockerbie

3.14 TransPennine Express (TPE) are currently running approximately 85% of pre-COVID services across their whole network, many with additional carriages to support adequate social distancing on board. Their current timetable has been in place since 6 July 2020 and will be in place until 6 December 2020.

3.15 Generally, TPE services to and from Edinburgh are close to pre-COVID level, however the services to Glasgow are much reduced.

3.16 Avanti West Coast are currently running approximately 90% of pre-COVID service levels. Their timetables are not being released to the public until a week prior to services commencing. Currently, their morning return and late evening returns are not operating from Lockerbie to Glasgow but are operating from Glasgow to Lockerbie (except the 2008 on Sunday).

4. Implications	
Financial	No financial implications associated with this report.
Policy	No change in SWestrans policy.
Equalities	A reduction in rail services will have a negative impact on equity of access.
Climate Change	Decrease in travel choice due to reduced public transport services may result in modal shift to private vehicles and negatively impact on climate change aims
Risk Management	The Risk Register will be updated as required to mitigate any risk to SWestrans as rail timetables develop.

5. Recommendation
Members of the Board are asked to note the update on the current level of rail services to and from the region.

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