

ITEM 9 – FINANCE

Report By: Fiona McBrierty

Purpose

The purpose of this report is to present the SESplan unaudited accounts 2018/2019 to the Joint Committee for approval.

Recommendations

It is recommended that the Joint Committee:

1. Note the SESplan unaudited accounts 2018/2019 attached to this report as Appendix A;
2. Note that the accounts are available for public inspection between 28 June and 22 July 2019;
3. Delegate authority to the Convener of the Joint Committee, Acting SDP Manager and Chair of the SESplan Project Board to finalise and sign the audited accounts no later than 30 September 2019;
4. Note that the audited accounts will be reported to the SESplan Joint Committee for consideration at its November meeting in accordance with statutory timescales.

1. Unaudited Accounts 2018/2019

- 1.1 The Local Authority Accounts (Scotland) Regulations 2014 state that best practice is for unaudited accounts to be considered by a Committee prior to the 30 June or no later than the 31 August each year. The unaudited accounts are attached as Appendix A and have been prepared in accordance with the Code of Practice on Local Authority Accounting.
- 1.2 Section 9 of the Local Authority Accounts (Scotland) Regulations 2014 also sets out requirements to serve notice of a public right to inspect and object to the accounts. Notice of the publication of the Fife Council unaudited accounts' including

subsidiaries such as SESplan was published in the Courier newspaper and on the [SESplan website](#) on the 14 June 2018 and subsequently in the Scotsman newspaper. The accounts can be inspected between 28 June to 22 July 2019

- 1.3 An interested party may inspect a copy of the accounts to be audited, all books, deeds, contracts, bills, vouchers and receipts related thereto, and may take copies of any or all parts of the accounts free of charge. Any person interested may object to the accounts or to any part of those accounts, no later than 22 July 2019 by;
- sending their objection in writing, together with a statement of the grounds thereof, to the appointed auditor, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN;
 - sending their objection in writing, together with a statement of the grounds thereof to the Controller of Audit, Audit Scotland, 4th Floor, West Port, Edinburgh, EH3 9DN; and
 - sending a copy of that objection and statement to the authority and to any officer of the authority who may be concerned, at Fife Council, Fife House, North Street, Glenrothes, KY7 5LT.
- 1.4 The auditor shall, if requested by an objector, afford that party an opportunity of appearing before and being heard by the auditor with respect to that objection.

2. Next Steps

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- 2.1 The audited accounts are required to be considered by the Joint Committee by the 30 September each year in accordance with the Local Authority Accounts (Scotland) Regulations 2014. Subject to the agreement of the Joint Committee; the Convener of the Joint Committee, the Acting SDP Manager and Chair of the SESplan Project Board will sign the audited accounts no later than the 30 September 2019 and then present them to the next meeting of the SESplan Joint Committee for consideration in November 2019.

Appendices

Appendix A: Unaudited Accounts 2018/2019

Report Contact

Fiona McBrierty

Development Planning & Environment Manager (West Lothian Council)

01506 282418

fiona.mcbrierty@westlothian.gov.uk

SESplan

The Strategic Development Planning Authority
for Edinburgh and South East Scotland

SESplan

Unaudited Annual Accounts 2018-19

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MANAGEMENT COMMENTARY

INTRODUCTION

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

SESplan is the Strategic Development Plan for Edinburgh and South East Scotland and covers six Council areas including City of Edinburgh, East Lothian, Midlothian, West Lothian, the Scottish Borders and the southern half of Fife. SESplan works in partnership with the six member authorities to prepare the strategic vision for the region for the next 20 years. The Strategic Development Plan is used to inform local development plans.

The first strategic development plan (SDP1) was prepared in response to the Planning etc. (Scotland) Act 2006 and was adopted in June 2013 with supplementary guidance setting housing targets for the member authorities being adopted in November 2014 (the housing targets covered 2009 – 2024).

Strategic development planning authorities (SDPAs) are required by section 4(1) of the Act to prepare and review strategic development plans (SDPs), and submit these to Scottish Ministers within four years of the approval of the existing plan (section 10(8)). SESplan complied with this requirement. The rejection of SDP2 by the Minister results in the current SDP (SDP1) remaining the adopted strategic development plan, but being out of date.

On 26 June 2017 the SDP2 Proposed Plan was submitted to the Scottish Government's Directorate of Planning and Environmental Appeals (DPEA) for Examination. The Examination commenced in August 2017 and the report of Examination was published on 20 July 2018. Following consideration of the report the Minister issued his decision letter on SDP2 on 16 May 2019. The letter advised that SDP2 had been rejected.

Whilst Section 13(1) of the Planning Act (the Town and Country Planning (Scotland) Act 1997 (as amended)) provides for rejection of a Plan by the Minister, such occurrences in terms of SDP preparation are unprecedented. It is now for SESplan to determine what action, if any, it intends to take in light of the Minister's decision. The options are currently being investigated with a view to reporting to the SESplan Joint Committee at a future date

The SESplan core team has been disbanded in response to the Planning Bill's proposed removal of Strategic Development Plan Authorities and the need to prepare Strategic Development Plans. In the interim (since January 2019) the SESplan function has been provided by officers from the six member authorities with the Midlothian Planning Manager acting as the SDP Manager. These management and resource arrangements will be subject to review following the Planning Bill's progression through the parliamentary process – stage 3 scrutiny is scheduled to take place in June 2019.

This management commentary is intended to provide a brief narrative on SESplan's financial position, as presented in these annual accounts for the financial year 2018-19.

The financial results for 2018-19 are set out in the following pages along with the accounting policies that have been adopted to ensure that the accounts present a true and fair view of the Authority's financial performance.

FINANCIAL PERFORMANCE

The Comprehensive Income and Expenditure Statement shows that there was a deficit of £19,728 during 2018-19, which reflects the resources consumed during the year against the income generated. The expenditure in the year was £81,036 and related mainly to staffing, I.T costs and consultancy costs. This was funded from contributions from partners of £10,000 each, a total of £60,000 and interest on balances of £1,038.

During the year SESplan achieved an under-spend on budget of £103,520. This was due to a savings of £27,264 on employee costs due to staffing vacancies and £71,858 on supplies & services, mainly consultants fees. The activities of SESplan are cyclical which means that the organisation needs to use the reserve to cushion the impact of uneven cash flows. The cumulative surplus for the usable reserve is carried forward to 2019-20 and used to support all activities of the Authority.

The Balance Sheet as at 31 March 2019 shows a net asset position of £178,251.

Eileen Rowand MBA, CPFA
Treasurer
24 June 2019

Peter Arnsdorf
Acting SDPA Manager
24 June 2019

Councillor John Beare
Convenor of Joint Committee
24 June 2019

ANNUAL GOVERNANCE STATEMENT 2018-19

1.0 GOVERNANCE ARRANGEMENTS

1.1 The designation order which formally constituted the Edinburgh and South East Scotland Strategic Development Planning Authority (SDPA known as SESplan) came into force on the 25 June 2008. Paragraph 1.1 of the SESplan Constitution sets out that: 'The following planning authorities comprise the Strategic Development Planning Authority for the Edinburgh city region: the City of Edinburgh Council, East Lothian Council, Fife Council, Midlothian Council, Scottish Borders Council and West Lothian Council.' This group of authorities has a statutory duty under Section 4 of the Planning etc. (Scotland) Act 2006 to work together, prepare and keep under review, a Strategic Development Plan (SDP) for the Edinburgh City region.

1.2 SESplan is made up of a Joint Committee comprising two Elected Members from each of the six member planning authorities, a Project Board (one Director/Head of Service from each member authority) and a Core Team. The Core Team is supported by an Operational Group (one Manager/Team Leader from each member authority) and a series of project teams, which include resources from each of the member authorities. Representatives of the key agencies also contribute to some project teams, for example on green networks, a place to do business and a better connected place.

1.3 The Joint Committee meets no less than twice per year to make decisions on the content and preparation of the SDP as well as the governance and finance of SESplan. The Committee is convened by one member authority, rotated ever two calendar years. Current convener is Fife Council with vice convener Midlothian Council. A report on the rotation of convener and work plan for 2018 for the Joint Committee was considered at the November 2017 meeting.

1.4 As described in the SESplan Constitution, all major decisions, for example about the content of the SDP, but with the exception of submission of the Proposed Plan to Scottish Ministers when no modifications are proposed, will require to be ratified by each of the six member authorities. The level of delegated authority to the Joint Committee is governed by a separate Scheme of Delegation.

1.5 The SESplan governance arrangements and financial rules were subject to review in 2018, with resulting amendments being approved by the Joint Committee at its meeting in June 2018 and each member authority ratifying the decision thereafter.

1.6 The Project Board as set out in paragraph 1.2 above is made up of one senior officer from each member authority. The Project Board is responsible for the direction and management of SESplan including the programme for the preparation of the SDP, the work of the SDP Manager, agreeing reports for consideration by Joint Committee and ensuring that the decisions of the Joint Committee are implemented.

1.7 SESplan is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. SESplan also has a duty under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this responsibility, elected members and senior officers are responsible for putting in place proper arrangements for the governance of SESplan's affairs and facilitating the effective exercise of its functions which includes the management of risk.

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

1.9 SESplan has put in place appropriate management and reporting arrangements for the management of risk and a report on risk management is considered by Joint Committee at the end of each calendar year. An update on risk management was considered by Committee in November 2018 with the next update to be considered in November 2019.

<https://www.sesplan.gov.uk/assets/Joint%20Committee/26%20November%202018/Item%209%20-%20Risk%20Manageme>

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

2.0 Purpose of the governance framework

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

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

- SESplan Constitution;
- Scheme of Delegation;
- SESplan Standing Orders;
- SESplan Financial Rules;
- SESplan Joint Committee Work Plan;
- Comprehensive training and development arrangements for councillors and employees;
- Comprehensive budgeting systems;
- Regular planning and performance management reports;
- Biannual finance reports which indicate actual and projected financial performance against budget;
- Setting and monitoring targets for financial and other performance;
- Embedding risk management within SESplan; and
- Other formal programme and project management disciplines as appropriate.

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

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

2.4 The Internal Audit function is provided by the Audit and Risk Management Services Division of Fife Council. It operates in accordance with the Public Sector Internal Audit Standards. The Division undertakes an annual programme of work approved by Fife Council's Standards and Audit Committee based on a five year strategic audit plan. The strategic audit plan is based on a formal risk assessment process and is amended on an ongoing basis to reflect evolving risks and changes within the Council. SESplan was reviewed in 2017-18 and the report of the Internal Audit was considered by the SESplan Joint Committee in June 2018. Some minor discrepancies with regards to the governance of SESplan were identified and a review of the Constitution and Financial Rules was also reported to the June 2018 Committee.

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

Peter Arnsdorf
Acting SDPA Manager
24 June 2019

Councillor John Beare
Convenor of Joint Committee
24 June 2019

SESplan

REMUNERATION REPORT

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

REMUNERATION ARRANGEMENTS

1. Senior Councillors

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

2. Senior Employees

Senior employees as defined in the Local Authority Accounts (Scotland) Regulations 2014 include any local authority employee:

(a) who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the financial year to which the Report relates, whether solely or collectively with other persons;

(b) who holds a post that is politically restricted by reason of section 2(1)(a), (b) or (c) of the Local Government and Housing Act 1989(a); or

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

Alice Miles salary comprises £17,258 for Acting Strategic Development Plan Manager 0.4 FTE, the balance is another post within SESplan.

Senior Employee	Post	2018-19			2017-18
		Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration £	Total Remuneration £
Alice Miles 0.4 FTE April 18 - Jan 19	Acting Strategic Development Plan Manager	32,161	0	32,161	44,414

3. General Disclosure by Pay Band

No employees were paid more than £50,000 in 2018-19 or in the prior year.

4. Exit Packages Agreed

No exit packages were agreed in 2018-19 or in the prior year.

5. Pension Benefits

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

The normal pension age of the new scheme is linked to State Pension Age but with a minimum age of 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contribution rates were set at 6% for all non-manual employees. From 1 April 2015, part time members' contribution rates are now based on actual pensionable pay as opposed to whole time pay.

The members' contribution rates and tiers are as follows:

Actual Pay 2018-19	Contribution Rate 2018-19	Actual Pay 2017-18	Contribution Rate 2017-18
On earnings up to and including £21,300	5.50%	On earnings up to and including £20,700	5.50%
On earnings above £21,300 and up to £26,100	7.25%	On earnings above £20,700 and up to £25,300	7.25%
On earnings above £26,100 and up to £35,700	8.50%	On earnings above £25,300 and up to £34,700	8.50%
On earnings above £35,700 and up to £47,600	9.50%	On earnings above £34,700 and up to £46,300	9.50%
On earnings above £47,600	12.00%	On earnings above £46,300	12.00%

The calculation of pension benefits for employee and Councillor members is as follows:

- For pension benefits for membership from date of joining the pension scheme to 31 March 2009 the accrual rate is 80ths
- For pension benefits for membership from 1 April 2009 to 31 March 2015 the accrual rate is 60ths
- For pension benefits for membership under the new CARE scheme from 1 April 2015 to date of retirement the accrual rate is 49ths

A pension lump sum is only automatically paid for scheme membership between date of joining the scheme and 31 March 2009, with an accrual rate of 3/80ths. However, a member may opt to give up (commute) pension for lump sum in accordance with the limit set by the Finance Act 2004.

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

The pension entitlement for the senior employee for the year to 31 March 2019 is shown in the table below, together with the contribution made by the council to the senior employee's pension during the year.

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

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

The accrued pension benefits for Alice Miles for the Acting Strategic Development Plan Manager post are £964 and employers contributions are £3,760 the balance relates to another post held within SESplan.

Senior Employee	Post	In-year employers contributions			Accrued Pension Benefits	
		For Year to 31 March 2019 £	For Year to 31 March 2018 £		As at 4 January 2019 (date of leaving) £	Difference from 31 March 2018 £
		Alice Miles	Acting Strategic Development Plan Manager		8,153	10,583
				Lump Sum	0	0

Peter Arnsdorf
Acting SDPA Manager
24 June 2019

Councillor John Beare
Convenor of Joint Committee
24 June 2019

STATEMENT OF RESPONSIBILITIES

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Treasurer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to ensure the annual accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- to approve the annual accounts for signature by 30 September.

I confirm that these annual accounts were approved for signature on behalf of SESplan on 25th June 2018.

Signed on behalf of Sesplan

Councillor John Beare
Convenor of Joint Committee

RESPONSIBILITIES OF THE TREASURER

The Treasurer is responsible for the preparation of the authority'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 Accounting Code).

In preparing the annual accounts, the Treasurer has:

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

The Treasurer has also:

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

I certify that these accounts give a true and fair view of the financial position of the authority at the reporting date and its income and expenditure for the year ended 31 March 2019.

Eileen Rowand MBA, CPFA
Treasurer
24 June 2019

MOVEMENT IN RESERVES STATEMENT

EXPLANATORY NOTE

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

	Note	Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 31 March 2018 carried forward		(198,598)	619	(197,979)
<u>Movement in Reserves during 2018-19</u>				
(Surplus) or deficit on provision of services		19,728	0	19,728
Other Comprehensive Expenditure and Income		0	0	0
Total Comprehensive Expenditure and Income		19,728	0	19,728
Adjustments between accounting basis & funding basis under regulations	4	619	(619)	0
(Increase)-Decrease in Year		20,347	(619)	19,728
Balance at 31 March 2019 carried forward		(178,251)	(0)	(178,251)

		Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 31 March 2017 carried forward		(92,515)	1,200	(91,315)
<u>Movement in Reserves during 2017-18</u>				
(Surplus) or deficit on provision of services		(106,664)	0	(106,664)
Other Comprehensive Expenditure and Income		0	0	0
Total Comprehensive Expenditure and Income		(106,664)	0	(106,664)
Adjustments between accounting basis & funding basis under regulations	4	581	(581)	0
(Increase)-Decrease in Year		(106,083)	(581)	(106,664)
Balance at 31 March 2018 carried forward		(198,598)	619	(197,979)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

EXPLANATORY NOTE

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

2017-18 Gross Expenditure £	2017-18 Gross Income £	2017-18 Net Expenditure £	Notes	2018-19 Gross Expenditure £	2018-19 Gross Income £	2018-19 Net Expenditure £
105,263		105,263	Employee Costs	48,737		48,737
4,425		4,425	Premises Related Expenditure	1,787		1,787
280		280	Transport Related Expenditure	914		914
48,205		48,205	Supplies & Services	29,598		29,598
158,173	0	158,173	Cost Of Services	81,036	0	81,036
	(837)	(837)	Financing & Investment Income & Expenditure		(1,308)	(1,308)
	(264,000)	(264,000)	Requisitions from Member Authorities	7	(60,000)	(60,000)
		(106,664)	(Surplus) or Deficit on Provision of Services	81,036	(61,308)	19,728
	0	0	Other Comprehensive Income & Expenditure		0	0
		(106,664)	Total Comprehensive Income & Expenditure	81,036	(61,308)	19,728

There are no statutory or presentation adjustments which affect SESplan's application of the funding. The presentation in the Comprehensive Income & Expenditure Statement is as reported at the SESplan Committee.

Consequently, an Expenditure and Funding Analysis is not provided in these Annual Accounts.

BALANCE SHEET

EXPLANATORY NOTE

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by SESPlan. The net assets of the organisation (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the organisation may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the authority is not able to use to provide services. This category of reserves comprises outstanding holiday and flexi leave provisions.

31 March 2018	Balance Sheet as at 31 March £	Notes	31 March 2019 £
9,530	Debtors and Pre-payments	5	9,508
<u>201,710</u>	Advance to Fife Council Loans Fund	8	<u>174,829</u>
211,240	Current Assets		184,337
<u>(13,261)</u>	Creditors	6	<u>(6,086)</u>
<u>(13,261)</u>	Current Liabilities		<u>(6,086)</u>
<u>197,979</u>	Net Assets		<u>178,251</u>
(198,598)	Usable Reserves		(178,251)
619	Employee Statutory Adjustment Account	4	0
<u>(197,979)</u>	Total Reserves		<u>(178,251)</u>

The unaudited accounts were issued on 24 June 2019

Eileen Rowand, MBA, CPFA
Treasurer
24 June 2019

CASH FLOW STATEMENT

EXPLANATORY NOTE

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

2017-18	Notes	2018-19
£ Operating Activities		£
Cash Outflows		
110,718 Cash paid to and on behalf of employees		51,963
49,560 Other operating cash payments		36,226
160,278 Total Payments		88,189
Cash Inflows		
(837) Interest received in cash		(1,308)
(264,000) Other operating cash receipts		(60,000)
(264,837) Total Receipts		(61,308)
(104,559) Net Cash Outflow-(Inflow) from Operating Activities	9	26,881
(104,559) Net Decrease(Increase) in Cash-Cash Equivalents		26,881
(97,151) Cash and cash equivalents at the beginning of the period		(201,710)
(201,710) Cash and cash equivalents at the end of the period	8	(174,829)

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

A) GENERAL PRINCIPLES

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19. The accounts are prepared in accordance with the fundamental accounting principles in terms of the characteristics required, the materiality of the information involved and the accounting concepts underlying the preparation of the accounts. The two essential fundamental characteristics are that the financial information is relevant and is a faithful representation of the authority's financial performance. The desirable qualitative characteristics of the financial information are that they are comparable, verifiable, timely and understandable. Every attempt has been made to ensure these characteristics have been achieved. In compiling these accounts underlying assumptions have been made. These are that the accounts should be on the accrual basis; that the organisation is a going concern, and the primacy of legislation.

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

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

B) ACCRUALS OF INCOME & EXPENDITURE

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

The main accrual bases used are as follows:

Payroll Costs: A calculation of the salaries and wages paid in 2019-20 which relate to 2018-19 is made and accrued back to 2018-19 based on the number of days which relate to the period to 31 March 2019.

Travelling Expenses: Estimate of claims paid in 2019-20 that relate to 2018-19.

Holiday Pay: Based on the employees' holiday and flexi leave earned during 2018-19 but not taken by 31 March 2019.

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

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

C) CASH AND CASH EQUIVALENTS

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

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

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

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

E) EMPLOYEE BENEFITS & PENSION COSTS

Benefits Payable During Employment

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

All salaries and wages earned up to 31 March 2019 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi leave entitlements earned by employees, but not taken before the year end, which employees may carry forward into the next financial year.

F) VALUE ADDED TAX

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

G) RESERVES

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

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

3. AUDIT COSTS

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

2017-18		2018-19
£		£
2,810	Fee for Appointed Auditors	2,900

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

4. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2017-18		2018-19
£		£
(1,200)	Settlement or cancellation of accrual made at the end of the preceding year	(619)
619	Amounts accrued at the end of the current year	0
	Amount by which officer remuneration charged to CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	
<u>(581)</u>	Net adjustments	<u>(619)</u>

5. DEBTORS

2017-18		2018-19
£		£
9,530	Non-Government Entities & Individuals	9,508
0	Scottish Government	0
<u>9,530</u>		<u>9,508</u>

6. CREDITORS

2017-18		2018-19
£		£
3,489	Other Local Authorities	2,397
4,125	Scottish Government	0
5,647	Other Entities and Individuals	3,689
<u>13,261</u>		<u>6,086</u>

7. RELATED PARTY TRANSACTIONS & BALANCES

SESplan is required to disclose material transactions with related parties i.e. bodies or individuals that have the potential to control or influence it or to be controlled or influenced by it. Disclosure of these transactions allows readers to assess the extent to which the authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the authority.

For SESplan, these related parties are the 6 local authorities which are the members of the organisation, i.e. East Lothian Council, City of Edinburgh Council, Fife Council, Midlothian Council, Scottish Borders Council and West Lothian Council and Scottish Government. During the year SESplan received £10,000 as a funding contribution from each of the above related parties (2017-18, £44,000 from each). The total contributions from the members amounted to £60,000 in 2018-19 (2017-18, £264,000). Payments in 2018-19 were City of Edinburgh Council £0, West Lothian Council £1,951 and Scottish Government £11,393 (2017-18 City of Edinburgh Council £6,596, West Lothian Council £16,870 and Scottish Government £14,672).

SESplan was historically located at premises at West Lothian Council, but gave up its premises when the Core team was disbanded.

Fife Council manages SESplan's cash reserves. More details relating to this can be found in Note 8.

There were no amounts due from related parties at 31 March 2019. The amounts due to related parties at that date were:

2017-18		2018-19
£		£
1,092	City of Edinburgh Council	0
2,397	West Lothian Council	2,397
4,125	Scottish Government	0

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

2017-18		2018-19
£		£
97,151	Balance at 1 April	201,710
<u>104,559</u>	Advance to or from other accounts	<u>(26,881)</u>
<u>201,710</u>	Balance at 31 March	<u>174,829</u>

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

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

2017-18		2018-19
£		£
(106,664)	(Surplus) or Deficit on the Comprehensive Income and Expenditure Statement	19,728
(2,087)	Increase or (Reduction) in Debtors	(22)
<u>4,192</u>	(Increase) or Reduction in Creditors	<u>7,175</u>
<u>(104,559)</u>	Net Cash Outflow-(Inflow) From Operating Activities	<u>26,881</u>

10. LEASES

SESplan were located at premises at West Lothian Council until the previous Acting SDPA Manager (A Miles) left post on 4th January 2019, the costs are charged to the Comprehensive Income and Expenditure Statement. For 2018-19 the rent was £769 and service charges were £1,018. For 2019-20 there will be no rent and service charges due to the lease being ended.

11. PENSION SCHEME ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEME

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

SESplan is not a member of the Fife Pension Fund, and therefore has no underlying liabilities or obligations to the fund for SESplan's members of staff. Any liabilities or obligations would fall to Fife Council.

In 2018-19, SESplan paid £9,119 (2017-18, £18,969) in respect of superannuation contributions representing 25% of pensionable pay of those individuals who have joined the scheme (2017-18, 24.4%).

The employing authority is responsible for all pension payments related to "added years" it has awarded, together with related increases. Fife Council, as the employing authority, has made no awards during 2018-19.

12. EVENTS AFTER THE BALANCE SHEET

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

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

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

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