
TAY ROAD BRIDGE JOINT BOARD

Clerk: Roger Mennie
Head of Democratic and Legal Services
Dundee City Council
21 City Square
Dundee
DD1 3BY

TO: ALL MEMBERS OF THE TAY
ROAD BRIDGE JOINT BOARD

Date 3rd September 2018

Dear Member

TAY ROAD BRIDGE JOINT BOARD

You are requested to attend a meeting of the **TAY ROAD BRIDGE JOINT BOARD** to be held in Committee Room 3, 14 City Square, Dundee on Monday, 10th September 2018 at 10.00 am.

The agenda and papers are enclosed.

Please submit any apologies for absence to Arlene Hay, Committee Services Officer on telephone (01382) 434818 or email arlene.hay@dundeecity.gov.uk

Yours faithfully

ROGER MENNIE

Clerk to the Joint Board

AGENDA OF BUSINESS

1 DECLARATION OF INTEREST

Members are reminded that, in terms of The Councillors Code, it is their responsibility to make decisions about whether to declare an interest in any item on this agenda and whether to take part in any discussions or voting.

This will include all interests, whether or not entered on your Register of Interests, which would reasonably be regarded as so significant that they are likely to prejudice your discussion or decision-making.

2 MINUTE OF PREVIOUS MEETING – Page 1

The minute of meeting of the Tay Road Bridge Joint Board held on 18th June 2018 is submitted for approval, (copy enclosed).

3 ANNUAL REVIEW OF STRATEGIC RISK MANAGEMENT – Page 5

(Report No TRB19-2018 by the Bridge Manager, copy enclosed).

4 OPERATIONAL RESTRICTIONS AND CLOSURES – Page 25

(Report No TRB20-2018 by the Bridge Manager, copy enclosed).

5 REVENUE MONITORING – FOUR MONTHS TO 31ST JULY 2018 – Page 29

(Report No TRB15-2018 by the Treasurer, copy enclosed).

6 CAPITAL MONITORING – FOUR MONTHS TO 31ST JULY 2018 – Page 33

(Report No TRB16-2018 by the Treasurer, copy enclosed).

7 INTERNAL AUDIT – ANNUAL AUDIT PLAN 2018/2019 – Page 37

(Report No TRB17-2018 by the Treasurer, copy enclosed).

8 AUDITED ACCOUNTS 2017/2018

(a) EXTERNAL AUDITOR'S ANNUAL AUDIT REPORT 2017/18

(i) Cover Letter– **Page 53**

(Copy enclosed).

(ii) Proposed 2017/18 Annual Audit Report – **Page 63**

(Copy enclosed).

(b) RESPONSE TO EXTERNAL AUDITOR'S ANNUAL REPORT ON THE 2017/18 AUDIT OF TAY ROAD BRIDGE JOINT BOARD – **Page 91**

(Report No TRB18-2018 by the Treasurer, copy enclosed).

(c) AUDITED ACCOUNTS FOR YEAR ENDED 31ST MARCH 2018 – **Page 95**

(Copy enclosed).

9 PROGRAMME OF MEETINGS 2019

Monday, 4th March 2019 at 10.00 am in Dundee
Monday, 17th June 2019 at 10.00 am in Dundee
Monday, 16th September 2019 at 10.00 am in Dundee
Monday, 2nd December 2019 at 11.00 am in Fife.

10 DATE OF NEXT MEETING

The next meeting of the Joint Board will be held on Monday, 3rd December 2018 at 11.00 am in the County Buildings, Cupar.

ITEM No ...2.....

At a MEETING of the **TAY ROAD BRIDGE JOINT BOARD** held at Dundee on 18th June, 2018.

Present:-

Dundee City Council

Councillor Stewart HUNTER
Councillor Lynne SHORT
Depute Lord Provost Bill CAMPBELL
Councillor Margaret RICHARDSON

Fife Council

Councillor Jonny TEPP
Councillor Brian THOMSON
Councillor Bill CONNOR
Councillor Andy HEER
Councillor John DOCHERTY

Also Present (Officers):-

Alan HUTCHISON (Bridge Manager)
John MOIR (for Treasurer)
Maureen MORAN (for Clerk)
Steven McNAUGHT (Henderson Loggie)

Councillor Stewart HUNTER, Chairperson in the Chair.

Apologies for absence were submitted on behalf of Bailie Fraser MACPHERSON (Dundee City Council, Councillor George McIRVINE (Dundee City Council) and Councillor Craig FOTHERINGHAM (Angus Council).

I DECLARATION OF INTEREST

There were no declarations of interest.

II MINUTE OF PREVIOUS MEETING

The minute of meeting of the Tay Road Bridge Joint Board held on 5th March, 2018 was submitted and approved.

III OPERATIONAL RESTRICTIONS AND CLOSURES

There was submitted Report No TRB3-2018 by the Bridge Manager appraising of the number and nature of operational restrictions and closures applied between 1st February and 30th April 2018.

The Joint Board agreed to note the contents of the Report as at 30th April 2018.

IV TENDER REPORT – NEW SWITCH GEAR DUNDEE AND FIFE

There was submitted Report No TRB4-2018 by the Bridge Manager seeking authority for the appointment of IS McKenna Electrical Contractors Limited to supply and install new Switch Gear in the Fife and Dundee abutments.

The Joint Board agreed:-

- (i) that the Clerk to the Joint Board be instructed to accept the tender offer of £146,718.61 from IS McKenna Electrical Contractors Ltd; and
- (ii) that the overall expenditure of £231,251.15 be authorised which included an overall allowance of £84,532.46, comprising; professional fees and contingencies, and £38,609.52 for associated enhancements to sub-station utilities in Dundee and Fife.

V RESPONSE TO INTERNAL AUDITORS ANNUAL REPORT TO MEMBERS

There was submitted Report No TRB5-2018 by the Bridge Manager in response to the Annual Report, ref 2018/06, prepared by the Joint Board's Internal Auditor, Henderson Loggie, on Management of Health and Safety – Incident Identification and Response, Data Protection, Procurement and Creditors/Purchasing and previous Audit follow up reviews. A copy of the Internal Auditor's report was attached to the report.

The Joint Board agreed:-

- (i) to endorse the report as the formal response to the Internal Auditor's report;
- (ii) to instruct the Bridge Manager to implement the Internal Auditor's recommendations as set out in paragraphs 5.2 to 5.5 of the report.

VI LOCAL CODE OF CORPORATE GOVERNANCE

There was submitted Report No TRB9-2018 by the Treasurer to review and update the Joint Board's Local Code of Corporate Governance.

The Joint Board agreed:-

- (i) to approve the Review and updated Local Code of Corporate Governance as detailed in Appendix 1 of the report;
- (ii) to note the progress against the 2017/2018 improvement action plan in Appendix 2 of the report; and
- (iii) to approve the implementation of the improvements listed in Appendix 3 of the report for 2018/2019.

VII ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31ST MARCH, 2018

There was submitted Report No TRB10-2018 by the Treasurer presenting to the Joint Board the Annual Governance Statement for approval and inclusion in the unaudited Annual Accounts for the year ended 31st March 2018 which was also being submitted to the Joint Board.

The Joint Board agreed:-

- (i) to note the contents of the covering report;
- (ii) to approve the Annual Governance Statement which was included as an Appendix to the report; and
- (iii) to instruct the Treasurer to include the Annual Governance Statement in the Annual Accounts for the year to 31st March 2018.

VIII UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

There was submitted Report No TRB11-2018 by the Treasurer providing some additional commentary on the unaudited Annual Accounts for the year ended 31st March 2018 which were attached to the report.

The Joint Board agreed: -

- (i) to note the contents of the report;
- (ii) to note the unaudited Annual Accounts which were attached to the report;
- (iii) to instruct the Treasurer to submit the Annual Accounts to the Controller of Audit Accounts Commission for Scotland; and
- (iv) to note that the key assumptions underpinning the independent actuaries' calculation of the Joint Board's IAS 19 liability had been reviewed and accepted by Dundee City Council as administering authority for the Pension Fund.

IX 2018/2019 INSURANCE PROGRAMME

There was submitted Report No TRB8-2018 by the Treasurer providing an overview of the insurance arrangements for the financial year 2018/2019.

The Joint Board agreed to note the details contained within the report.

X DATE OF NEXT MEETING

The Joint Board agreed to note that the next meeting of the Joint Board would be held in Committee Room 3, 14 City Square, Dundee on Monday, 10th September, 2018 at 10.00 am.

The Joint Board resolved under Section 50(A)(4) of the Local Government (Scotland) Act 1973 that the press and public be excluded from the meeting for the undernoted item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 8, 9 and 12 of Part I of Schedule 7A of the Act.

XI RUNWAY BEAMS

There was submitted Report No TRB14-2018 by the Clerk to the Joint Board advising the Joint Board of the settlement of the Court of Session Court Case referred to in the report and to inform and explain why the Court Case had now been settled.

The Joint Board agreed:-

- (i) to note the reasons why the Court Case had been settled; and
- (ii) to request the Clerk through consultation with the Scottish Parliament to support the charges as outlined in the Prescription (Scotland) Bill which would avoid similar Court Case outcomes in the future.

Stewart HUNTER, Chairperson.

ITEM No ...3.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 10 SEPTEMBER 2018

REPORT ON: REPORT ON ANNUAL REVIEW OF STRATEGIC RISK MANAGEMENT

REPORT BY: THE BRIDGE MANAGER

REPORT NO: TRB 19 – 2018

1 PURPOSE OF REPORT

- 1.1 To appraise the Joint Board of the annual review of Strategic Risk Management issues.

2 RECOMMENDATIONS

The Board are asked to note the contents of this Report as at 10 September and changes made to the Strategic Risk Register given in Appendix A.

3 FINANCIAL IMPLICATIONS

There are no financial implications as a result of this report.

4 POLICY IMPLICATIONS

- 4.1 None.

5. OUTCOME OF REVIEW

- 5.1 As part of the ongoing management of risk it was agreed that the Risk Register would be reviewed annually and updated to take account of new or changed risks faced by the Board.

This review was carried out on 16 August 2018 in conjunction with the Insurance and Risk Management Team from Dundee City Council and it can be reported that there has been no new major risks identified that require any additional changes to the Strategic Risk Register. This plan will now cover the period 2018-19.

6 CONSULTATIONS

- 6.1 The Treasurer, Clerk and Engineer to the Board have been consulted in the preparation of this report and are in agreement with the content.

7 BACKGROUND PAPERS

- 7.1 None

ALAN HUTCHISON
BRIDGE MANAGER
16 AUGUST 2018



Tay Road Bridge

TAY ROAD BRIDGE JOINT BOARD

RISK MANAGEMENT STRATEGIC PLAN AND STRATEGIC RISK REGISTER

Prepared by:	Alan Hutchison
Reviewed by:	Alan Hutchison/D Urquhart DCC Risk Management

Document Reference:	TRB 09 rev 4
Approved for Issue:	Alan Hutchison
Date: 16 August 2018	Bridge Manager

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1. INTRODUCTION

A working definition of Risk Management would be

"A management discipline through which concerted and co-ordinated action is taken to identify, evaluate and control current and potential causes of loss which could threaten the Board's ability to deliver an efficient and effective service."

Skilled Risk Management offers the Tay Road Bridge Joint Board the prospect of both tangible and intangible benefits, three examples of each are shown below:

Tangible

- Reduced financial loss
- Fewer injuries to staff/public
- Preserved assets
(bridge/buildings/vehicles/
equipment)

Intangible

- Better Public Image
- Orderly consideration of risk

Intelligent application of Risk Management concepts should serve to reduce the "fear of the unknown". In this way the discipline should be viewed as a catalyst to service delivery rather than viewed as a reason why certain activities cannot be undertaken.

To achieve this vision requires a disciplined approach to risk which percolates through all levels of the Organisation and its numerous operations. In turn, tiers of management require to absorb and apply Risk Management concepts in their every day thinking and actions and in many ways this "cultural change" is the primary objective of this first Risk Management Strategy Plan.

Whilst this objective could have previously been viewed as desirable, the heightened profile of Corporate Governance in Local Government and the increasing external focus by bodies such as Transport Scotland and Audit Scotland on the issue of Organisational Risk Management increasingly demands attainment of the core objective.

2. **POLICY STATEMENT**

2.1 The Tay Road Bridge Joint Board is committed to the management of risk in order to:-

- Minimise loss, damage or injury to Board employees or members of the public
- Protect Board assets and property
- Preserve and enhance the management and operation of the Tay Road Bridge
- Maintain effective stewardship of public funds
- Promote a favourable corporate image

The efficient management of risk forms part of the Board's overall business objectives. To achieve this, standards and principles will be developed and maintained. This process will involve identification and evaluation of risks to create practical and cost effective means of loss control and avoidance.

Risk management is recognised as a continuous process, demanding awareness and action from employees at every level, to reduce the possibility and impact of injury and loss.

3. RISK MANAGEMENT STRATEGY

The strategy aims to provide a framework for building a sustainable structure that recognisably supports Risk Management across all areas of Board activity and allows for monitoring and reporting on the effectiveness of that management.

Whilst acknowledging the majority of risks are relatively low-level in terms of severity there are in addition significant Strategic or Corporate risks that must also be managed.

3.1 **Status**

Risk Management should be as much a part of the duties of all employees as are the control of budgets and the deployment of staff and equipment.

It should also be an element of the consultation process prior to altering existing service delivery and/or implementing new initiatives.

If the Board is to satisfy its external scrutiny obligations it will be required to demonstrate that Risk Management is carried out in this systematic and structured manner and be subject to monitoring.

3.2 **Management Arrangements**

Risk Management needs to be fully integrated with normal management processes. The Bridge Manager is primarily responsible for the management of risk. The Treasurer is required to produce and/or maintain:

- A Risk Register
- A Risk Management Action Plan to address unacceptable risk exposures which have been detailed in the Risk Register
- Monitoring reports as appropriate

3.3 **Risk Management Forums**

It is acknowledged there can be high level areas of risk which would benefit from a Risk Management forum.

It is proposed where such a need is identified, the forum will be chaired by the Bridge Manager.

3.4 **Accountability**

Accountability for performance must be an integral part of the Risk Management process. Progress ought to be monitored and the following routine reporting pattern will operate:

The Bridge Manager will report to the Board summarising Risk Management performance and updating the Risk Register on an annual basis.

3.5 **Monitoring and Review**

Full implementation of this strategy will take time and effort. Similarly, adherence to its requirements on an ongoing basis will require a resource commitment.

In mitigation it should be remembered that significant elements of the strategy are, already being performed.

The implementation and operation of the strategy will be kept under review to ensure both that it is operating effectively and that there are no aspects taking up disproportionate effort.

3.6 **Management Information**

Many aspects of the strategy will be driven by the quality of information available over loss profiles. Risk Management Information is provided under a Service Level Agreement with Dundee City Council.

4. ROLES AND RESPONSIBILITIES

4.1 **Board Members**

Board Members are responsible for making the strategic decisions affecting the management and operation of the Tay Road Bridge. They are responsible for understanding the strategic risks the Board has to face and be aware of how they are managed.

Board Members main tasks are to:

- Approve the risk management Strategic Plan
- Monitor the reporting of risk management activity
- Approve the annual report on Risk Management performance.

4.2 **Board Officers**

The Bridge Manager is responsible for ensuring risks the Board face are adequately managed. To enable the Bridge Manager to fulfil this responsibility he will liaise with the following Board Officers on the various elements listed below:-

Clerk to the Board	Legal, Contractual and Personnel related Risk
Engineer to the Board	Engineering Risk
Treasurer to the Board	Financial Risk

The Bridge Manager's key tasks will be to:

- Implement the risk management strategic plan.
- Review the Risk Register annually in conjunction with the Clerk, Engineer, Treasurer and Dundee City Council's Risk Manager.

5. Risk Management

5.1 Risk Identification Process

A number of techniques have been used to construct the Board's Risk Register.

The Risk Register identifies strategic and significant operational risks. In addition, an assessment of risk probability coupled with a risk severity analysis is included within the register.

5.2 Risk Prioritisation and Control

Risks identified are prioritised in the following manner:

- a Risk score determined through multiplication of probability and severity scores as follows:-

Score	Probability	Severity
1	Rare	Insignificant
2	Unlikely	Minor
3	Possible	Moderate
4	Likely	Major
5	Certain	Catastrophic

The Matrix produced using the above scores is shown below:-

Probability

5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5

Severity

- b Risks are then prioritised using the "Traffic Light System" as indicated below:

Risk Score	Status	Control	Review Timescale
1 to 8	Green	Risk adequately controlled	No specific action required
9 to 16	Amber	Risk partially controlled	Within 24 months
17 to 25	Red	Further control required	Within 12 months

The potential to control risks will be addressed continuously through the upkeep of the Risk Register. Most risks are capable of being managed - by controlling the probability or severity of the risk or both. Very few risks require to be avoided completely.

It is anticipated that many risks will be realigned through this process. It is unrealistic to conceive that at any given time all risks will be "Green" but it will be possible to critically analyse risks with a view to improving their "score".

5.3 Monitoring Arrangements

To avoid stagnation of the Risk register process the following monitoring arrangements are in place.

- risk register to be reviewed annually or at the time of any organisational/legislative changes

5.4 Current Risk Status

The following Risk Status graph has been prepared using the information taken from the Strategic Risk Register in Appendix A. The numbers shown identify the risk stated in the Register.

4	7			
	6			
	5,8,9	1,2,3		
		10		

ITEM No ...3.....

APPENDIX A

Strategic Risk Register

No	Risk Description	Probability (P)	Severity (S)	Inherent Risk (P) x (S)	Existing Controls	Residual Risk	Further Action Required	Responsible Officer	Priority
Risk Category: External									
1	Change of Government with revised policies/strategies	3	4	12	N/A	3x4 =12	None	Clerk Treasurer	Amber
2	Legislative changes e.g. Health & Safety , Environmental, Procurement etc “Brexit” following referendum result June 2016	3	4	12	Maintain awareness of changes to legislation and amend policies and procedures timeously – Too early to say what impact Brexit will make.	3x3 = 9	Review and update Policies and Procedures on regular basis- monitor closely Government negotiations with European Union.	Clerk Bridge Manager Engineer	Amber
3	Effects of changes to Economy – budget limitations etc “Brexit” following referendum result June 2016	3	4	12	Financial planning, monitoring and control systems – Too early to say what impact Brexit will make.	3x3 = 9	None	Bridge Manager Treasurer	Amber

No	Risk Description	Probability (P)	Severity (S)	Inherent Risk (P) x (S)	Existing Controls	Residual Risk	Further Action Required	Responsible Officer	Priority
Risk Category: Operational									
4	Loss of structure/ operational capacity through ship impact/terrorism	3	5	15	Dundee Port Authority Controls. Insurance Provision of pier protection system at Navigation Spans Security of asset through CCTV and 24 hour site attendance	1x5 = 5	None	Bridge Manager Engineer	Green
5	Loss of structure/ operational capacity through effects of Dundee City Waterfront Development works	3	5	15	Major infrastructure Works in waterfront now complete- Left on Risk register as development plots still to be developed Asset Protection Agreement with DCC	1x2 = 2	Ongoing review of design and traffic management proposals throughout works	Bridge Manager Engineer	Green
6	Loss of operational capability through loss of bridge/buildings	2	5	10	Frequent inspection/maintenance of assets	2x4 = 8	None	Bridge Manager Engineer	Green
7	Losses through poor governance	3	5	15	Scheme of Delegation / Anti Fraud and Corruption Policy etc in place.	2x5 = 10	Continue to review and apply Governance Policies and	Bridge Manager Treasurer	Amber

					Undertake Internal and External Audit		Audits		
8	Failure to deliver projects to time and/or cost	3	4	12	Major schemes submitted to Board for approval – None Pending at Present	2x3 = 6	Adopt robust project management procedures including Business Case preparation for schemes in excess of £50,000	Bridge Manager Engineer	Green
9	Lack of financial resources:-	3	3	9	Submission of applications for Grant in Aid to include robust estimates as back up. Monitor and control expenditure against agreed budgets	2x3 = 6	None	Bridge Manager Treasurer	Green
10	Lack of staff resources:- Pandemic Industrial Action Recruitment problems	3	3	9	Business Continuity plans Liaison/Consultation with Staff and Trade Unions on matters affecting staff Monitor/manage staff absences Monitor retiral dates and plan recruitment accordingly	3x2 =6	Review BC plans on regular basis Develop Staff Planning Strategy	Bridge Manager	Green

APPENDIX B
Risk Management Action Plan 2018-19

Subject	Task	Responsibility	Timescale	Update
Strategic	Maintain Risk Management Planning process	Bridge Manager	Annually	Ongoing
Operational	Review Risk Register	Bridge Manager	Annually	Ongoing
Operational	Test Business Continuity Plans	Bridge Manager	Annually	Ongoing

ITEM No ...4.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 10 SEPTEMBER 2018

REPORT ON: REPORT ON OPERATIONAL RESTRICTIONS AND CLOSURES

REPORT BY: THE BRIDGE MANAGER

REPORT NO: TRB 20 - 2018

1 PURPOSE OF REPORT

- 1.1 To appraise the Board of the number and nature of operational restrictions and closures applied between 1 May and 31 July 2018.

2 RECOMMENDATIONS

The Board are asked to note the contents of this Report as at 31 July 2018.

3 FINANCIAL IMPLICATIONS

There are no financial implications as a result of this report.

4 COMMENTARY ON RESTRICTIONS AND CLOSURES

- 4.1 Restrictions are applied to the traffic on the bridge for a number of reasons including recovering debris, breakdowns, high winds and other operational requirements, such as carriageway inspections. Miscellaneous incidents include escorting pedestrians from the carriageway.

A summary of the restrictions applied between 1 May and 31 July 2018 is given over:-

4.1.1 Single Carriageway Closure

Reason	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational	619	201	3.08
Breakdown	108	14	7.71
Misc. Incidents	46	19	2.42
Single Lane Closures for maintenance	1245	29	42.93
Road works Contractor Contra-flow	0	0	0
Police Incidents	222	19	11.68

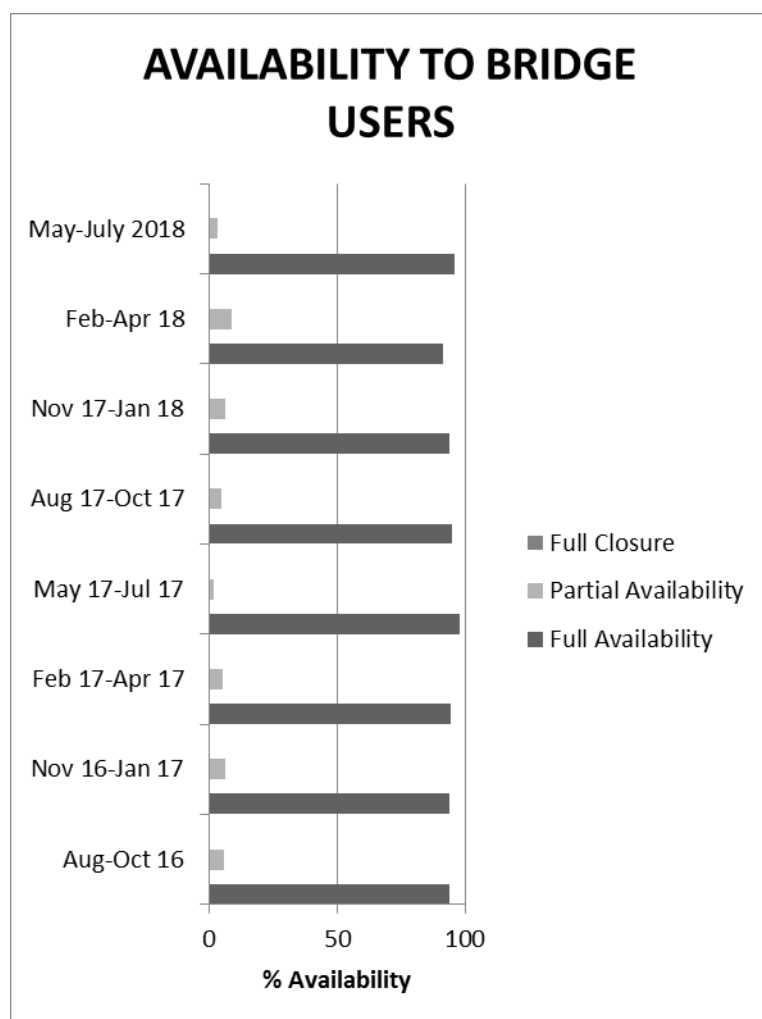
4.1.2 Full Bridge Closure

Reason	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Operational (Night Closures)	240	2	120
Police Incidents	313	8	39.13
Wind	119	1	119

4.1.3 High Winds/Weather Restrictions

Traffic Restricted	Total Duration (Minutes)	No of Occasions	Average Duration (Minutes)
Double Deck Buses	1862	5	372.4
High Sided	581	2	290.5
All traffic	119	1	119

4.1.4 Availability of Bridge



	May – July 17	Aug – Oct 17	Nov 17 – Jan 18	Feb – Apr 18	May – July 18
Full Availability	97.92	95.1	93.67	91.27	95.96
Partial Availability	2.04	4.7	6.29	8.66	3.53
Full Closure	0.04	0.2	0.04	0.07	0.51

Figure 1 – Comparison of Availability of Bridge to Users

Full availability in this quarter is up by 4.69% compared with the period between February and April 2018. Full closure is up slightly by 0.44%, this is due to high winds and also an operational night closure.

4.1.5 Summary of Bridge availability 1 May to 31 July 2018

Full availability (No restrictions)	95.96
Partial Availability (Some restrictions)	3.53
No Availability (Full Closure)	0.51

5 TRAFFIC COUNT DATA

5.1 Traffic Count Data from Dundee Ramps

ADDT – (Annual Average Daily Total)

	3 rd Quarter 2017	4 th Quarter 2017	1 st Quarter 2018	2 nd Quarter 2018
	(July –Sept 2017)	(October – Dec 2017)	(Jan – March 2018)	(May to July 2018)
Northbound to West	6321	6111	5800	6459
Northbound to East	7471	6684	5028	7506
Northbound Total	13792	12795	10828	13965
Southbound from West	5966	5588	5223	5807
Southbound from East	8062	7366	7033	8309
Southbound Total	14028	12954	12256	14116
Total	27820	25749	23084	28081

Please note that for consistency the traffic statistics reporting timeframe has now been aligned with the bridge availability reporting timeframe and this will be adopted in all future reports, i.e. May to July, August to October, November to January, February to April.

6 POLICY IMPLICATIONS

- 6.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no implications.

7 CONSULTATIONS

- 7.1 The Treasurer, Clerk and Engineer to the Board have been consulted in the preparation of this report and are in agreement with the content.

8 BACKGROUND PAPERS

- 8.1 None

ALAN HUTCHISON
BRIDGE MANAGER
16 AUGUST 2018

ITEM No ...5.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 10 SEPTEMBER 2018

REPORT ON: REVENUE MONITORING - 4 MONTHS TO 31 JULY 2018

REPORT BY: THE TREASURER

REPORT NO: TRB 15-2018

1 PURPOSE OF REPORT

The purpose of this report is to appraise the Joint Board of the current monitoring position of its 2018/2019 Revenue Budget.

2 RECOMMENDATIONS

It is recommended that the Joint Board note the content of this Revenue Monitoring Report as at 31 July 2018.

3 FINANCIAL IMPLICATIONS

3.1 The 2018/2019 Revenue Budget predicted a deficit of £30,000 (see Report 24-2017). The current outturn position for the financial year 2018/2019 is projecting a £25,000 underspend against the 2018/2019 Revenue Budget based on the financial information available at 31 July 2018.

3.2 Following the removal of tolls the Board's Revenue Expenditure is now financed by an annual Revenue Grant from Scottish Government.

Due to the fact that the Board's Revenue Expenditure is fully funded by grant any underspend achieved will result in unspent grant being carried forward, with the agreement of the Scottish Government, to fund future years' Revenue Expenditure. Underspends achieved in previous years have resulted in a Revenue Grant Balance carried forward into 2018/2019 of £1,022,616. This balance will be used to fund any overspend in the current financial year before any contributions are made from the General Fund Reserve Balance.

3.3 The projected underspend, if it materialised, would result in a projected Revenue Grant Balance carried forward of £1,017,616 at 31 March 2019. This level of Revenue Grant Balance carried forward is subject to negotiation with the Scottish Government. This would also result in an unchanged General Fund Reserve of £1,160,591 at 31 March 2018. This level of retained reserves is subject to negotiation with the Scottish Government.

3.4 An overspend of £25,000 is projected in relation to CFCR Gantry Miscellaneous. This is due to the requirement to conduct testing of the gantries following a recent consultant's inspection of the gantries.

3.5 An underspend of £50,000 is projected in relation to CFCR Paintwork to Box Girders. This is due to there being no requirement for expenditure during this financial year due to the condition of the existing paintwork.

4 RISK ASSESSMENT

In preparing the Board's Annual Revenue Budget (see Report TRB 9-2016), the Treasurer considered the key strategic, operational and financial risks faced by the Board over this period. In order to alleviate the impact these risks may have should they occur, a number of general risk mitigating factors are utilised by the Board. These include:

- a system of perpetual detailed monthly budget monitoring with latest positions reported to quarterly Board meetings;
- the level of General Fund Reserve balances available to meet any unforeseen expenditure;
- the level of other cash backed reserves available to meet any unforeseen expenditure;
- the possibility of identifying further budget savings and efficiencies during the year if required; and
- the possibility of identifying new income streams during the year.

5 **POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty and Equality Impact Assessment, and Risk Management. There are no major implications.

6 **CONSULTATIONS**

The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

7 **BACKGROUND PAPERS**

None

GREGORY COLGAN
TREASURER

28 AUGUST 2018

TAY ROAD BRIDGE JOINT BOARD**REVENUE MONITORING AS AT 31 JULY 2018**

	Revenue Budget 2018/19 £	Expenditure to 31 July 2018 £	Final Projection 2018/19 £	Variance from Budget £	Paragraph Reference
EXPENDITURE					
<u>Administration</u>					
Staff Costs	182,331	55,627	182,331	-	
Property Costs	31,000	10,188	31,000	-	
Supplies and Services	153,767	80,111	153,767	-	
Transport Costs	975	-	975	-	
Third Party Payments	91,453	-	91,453	-	
	459,526	145,926	459,526	-	
<u>Operations</u>					
Staff	482,643	154,465	482,643	-	
Supplies & Services	15,700	5,167	15,700	-	
	498,343	159,632	498,343	-	
<u>Plant and Equipment</u>					
Property	24,000	9,282	24,000	-	
Supplies & Services	183,500	17,845	183,500	-	
Transport	32,750	13,992	32,750	-	
Third Party Payments	21,250	4,591	21,250	-	
	261,500	45,710	261,500	-	
<u>Bridge Maintenance</u>					
Staff	288,294	91,101	288,294	-	
Property	38,000	8,181	38,000	-	
Supplies & Services	59,050	4,524	59,050	-	
Transport	550	-	550	-	
Third Party Payments	24,750	-	24,750	-	
	410,644	103,806	410,644	-	
GROSS EXPENDITURE	1,630,013	455,074	1,630,013	-	
INCOME					
Scottish Government Revenue Grant	1,700,000	566,667	1,700,000	-	
Interest on Revenue Balances	14,400	-	14,400	-	
Kiosk Rent	10,213	2,553	10,213	-	
Miscellaneous	400	130	400	-	
GROSS INCOME	1,725,013	569,350	1,725,013	-	
TOTAL NET REVENUE EXPENDITURE / (INCOME)	(95,000)	(114,276)	(95,000)	-	

CAPITAL FUNDED FROM CURRENT REVENUE (CFCR)

	Revenue Budget 2018/19 £	Expenditure to 31 July 2018 £	Final Projection 2018/19 £	Variance from Budget £	Paragraph Reference
Miscellaneous Projects	50,000	3,850	50,000	-	
Gantry Miscellaneous	25,000	7,500	50,000	25,000	3.4
Paintwork to Box Girders	50,000	-	-	(50,000)	3.5
TOTAL CFCR	125,000	11,350	100,000	(25,000)	
TOTAL NET DEFICIT / (SURPLUS) MET FROM GENERAL RESERVE BALANCES	30,000	(102,926)	5,000	(25,000)	

ITEM No ...6.....

REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 10 SEPTEMBER 2018

REPORT ON: CAPITAL MONITORING - 4 MONTHS TO 31 JULY 2018

REPORT BY: THE TREASURER

REPORT NO: TRB 16-2018

1 PURPOSE OF REPORT

The purpose of this report is to appraise the Joint Board of the current monitoring position of its 2018/2019 Capital Budget.

2 RECOMMENDATIONS

It is recommended that the Joint Board note the content of this Capital Monitoring Report as at 31 July 2018.

3 FINANCIAL IMPLICATIONS

The Joint Board's 2018/2019 Capital Expenditure Programme of £1,080,000 was approved by the Board on 4 December 2017 (Report TRB 25-2017). From 1 April 2008 the Board's Capital Expenditure projects are being financed through Scottish Government Capital Grant.

The capital outturn for the financial year 2018/2019 (as detailed in Table 1 on Appendix A) is projected to be £1,125,000 (i.e. a net increase of £45,000 from the originally approved budget) based on the financial ledger information up to 31 July 2018 and this will be funded from 2018/2019 Capital Grant of £750,000, previous years' Capital Grant carried forward of £275,000 and Capital Funded from Current Revenue of £100,000. This results in a projected Capital Grant carried forward into 2019/2020 of £1,273,000 (as detailed in Table 2 on Appendix A).

4 REASONS FOR CAPITAL EXPENDITURE NET INCREASE

The main reasons for the net increase of £45,000 can be summarised as follows:

	£000
<u>Budget Adjustments:</u>	
Weather Monitoring Equipment	(30)
Bridge Office Refurbishment	(50)
Lift Replacement	(50)
LED Lighting to Bridge and Fife Car Park	200
CFCR: Gantry Miscellaneous	25
CFCR: Paintwork to Box Girders	(50)
Total Budget Adjustments	45

5 RISK ASSESSMENT

- 5.1 There are a number of risks which may have an impact on the Capital expenditure programme. The main areas of risk are set out below, together with the mechanisms in place to help mitigate these risks.
- 5.2 Construction cost inflation levels are volatile, and they can on occasion be relatively high in comparison to general inflation. Therefore delays in scheduling and letting contracts may

lead to increases in projected costs. Every effort will be made to ensure delays are avoided wherever possible and any increase in costs minimised.

- 5.3 Slippage in the Capital programme leads to the need to reschedule projects in the current year and possibly future years, therefore creating problems in delivering the programme on time. For this reason the programme is carefully monitored and any potential slippage is identified as soon as possible and any corrective action taken wherever possible.
- 5.4 Capital projects can be subject to unforeseen price increases. The nature of construction projects is such that additional unexpected costs can occur. Contingencies are built into the budget for each capital project and these are closely monitored throughout the project.
- 5.5 There is risk associated with projects that are not yet legally committed as the works are not yet tendered for, and there is potential for costs to be greater than the allowance contained within the Capital Plan. As the majority of spend on these projects is in future years, the risk in the current year is not significant. Future years' Capital programme will be adjusted to reflect updated cost estimates.
- 5.6 The Capital Monitoring report and the Engineer's report provide information on individual projects contained within the Capital Budget and the impact of expenditure movements on the future financial years.
- 5.7 The level of Capital Grant received from the Scottish Government may be impacted by budgetary constraints in future financial statements.

6 CONCLUSION

- 6.1 The Board's 2018/2019 capital programme is showing a projected capital spend of £1,125,000 which will be funded from the current year's Scottish Government grant, unspent Capital Grant carried forward from previous years and Capital Funded from Current Revenue.
- 6.2 The 2018/2019 capital expenditure programme will continue to be monitored on a regular basis throughout the remainder of the current financial year.

7 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty and Equality Impact Assessment, and Risk Management. There are no major implications.

8 CONSULTATIONS

The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

9 BACKGROUND PAPERS

None.

GREGORY COLGAN
TREASURER

28 AUGUST 2018

TAY ROAD BRIDGE JOINT BOARDAPPENDIX ATABLE 1: CAPITAL EXPENDITURE MONITORING - 4 MONTHS TO 31 JULY 2018

<u>Expenditure</u>	<u>Capital Budget 2018/19 £000</u>	<u>Slippage from 2017/18 £000</u>	<u>Budget Adjust £000</u>	<u>Slippage into 2019/20 £000</u>	<u>Revised Capital Budget 2018/19 £000</u>	<u>Actual to 31 July 2018 £000</u>	<u>Projected Outturn 2018/19 £000</u>	<u>Variance from Budget £000</u>
								-
Carriageway Resurfacing	50	-	-	-	50	-	50	-
CP Monitoring Equipment	200	-	-	-	200	10	200	-
Weather Monitoring Equipment	30	-	(30)		-	-	-	-
Inspection of Columns & Piers	150	-	-	-	150	-	150	
Replacement of Expansion Joints	25	-	-	-	25	-	25	-
Bridge Office Refurbishment	100	-	(50)	-	50	1	50	-
Lift Replacement	150	-	(50)	-	100	1	100	-
New Switch Gear	250	-	-	-	250	33	250	-
LED Lighting to Bridge and Fife Car Park	-	-	200	-	200	-	200	
Miscellaneous Projects (CFCR)	50	-	-	-	50	4	50	-
Gantry – Miscellaneous (CFCR)	25	-	25	-	50	7	50	-
Paintwork to Box Girders (CFCR)	50	-	(50)	-	-	-	-	-
Total Gross Expenditure	<u>1,080</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>1,125</u>	<u>56</u>	<u>1,125</u>	<u>-</u>
Funded by:	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Capital Grant 2017/2018	750	-	-	-	750	250	750	-
Unapplied Capital Grant brought forward from Previous Years	205	-	70	-	275	-	275	-
Capital Funded from Current Revenue (CFCR)	125	-	(25)	-	100	11	100	-
Total Funding	<u>1,080</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>1,125</u>	<u>261</u>	<u>1,125</u>	<u>-</u>

TABLE 2: Unapplied Capital Grant Projected Carry Forward:

	<u>£000</u>
Unapplied Capital Grant Brought Forward	1,548
<u>Add:</u> Capital Grant Received 2018/2019	750
<u>Less:</u> Capital Grant Utilised 2018/2019	(1,025)
Unapplied Capital Grant Carried Forward to 2019/2020	<u>1,273</u>

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 10 SEPTEMBER 2018

REPORT ON: INTERNAL AUDIT - ANNUAL AUDIT PLAN 2018/2019

REPORT BY: TREASURER

REPORT NO: TRB 17-2018

1 PURPOSE OF REPORT

To present to the Board the Internal Audit Annual Audit Plan, which is attached as an appendix to this report.

2 RECOMMENDATIONS

It is recommended that the Board notes the contents of the Internal Audit Annual Plan for 2018/2019 which is based on the detailed Internal Audit Needs Assessment and Strategic Plan 2016 to 2019.

3 FINANCIAL IMPLICATIONS

The cost of Internal Audit Services is included in the approved Revenue Budget.

4 BACKGROUND

- 4.1 Reference is made to Report TRB 23-2016 (Agenda Item 8) whereby the Board was asked to approve the three year Strategic Audit Plan which was based on the detailed Internal Audit Needs Assessment (ANA).
- 4.2 The Board has a responsibility to develop and maintain internal control systems, risk management processes, governance arrangements and accounting records. In addition, the Board is responsible for ensuring that the Board's resources are used appropriately for the activities intended, fraud and other irregularities are prevented and detected, and the principles of Best Value are complied with. Internal audit reviews support management by giving an independent assessment of the adequacy and effectiveness of internal controls.
- 4.3 The Board's Internal Audit Service is provided by Henderson Loggie in respect of the financial years 2016/17 to 2018/19, and the Audit Needs Assessment (ANA) and Strategic Plan were prepared by them with reference to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.
- 4.4 The ANA identified the main areas where the Board is exposed to risk that can be managed through internal control, and which therefore should be considered by internal audit. The results obtained from the assessment process identified and prioritised the areas requiring internal audit coverage over the next three years.
- 4.5 The Internal Audit Strategic Plan allocates audit days to the categories identified in the ANA to give a rolling programme of work which will be updated annually to ensure that any new and/or changed risks are reflected in the annual plan. The three year Strategic Audit Plan allows for 15 days in 2018/2019.

5 MAIN TEXT

- 5.1 The Internal Audit Annual Audit Plan for 2018/2019, which is attached as an Appendix to this report, sets out the proposed audit work to be undertaken in 2018/2019.
- 5.2 The Annual Audit Plan shows a change to the allocation set out in the Strategic Plan following discussions with the Bridge Manager and Treasurer:
- Two days originally allocated in 2018/2019 for a review of Capital Projects have been reassigned to be held in Contingency and assigned to ad-hoc work if the need arises. This is due to the fact that there are no significant capital works planned during 2018/2019.
- 5.3 This will result in separate reports being issued for each review. The reviews will cover the following areas:
- Compliance with Legislation – review of policies and procedures;
 - Physical Security and Asset Management;
 - Corporate Governance; and
 - Follow-Up Reviews.

6 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty and Equality Impact Assessment, and Risk Management. There are no major issues identified.

7 CONSULTATIONS

The Clerk, Bridge Manager and the Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

8 BACKGROUND PAPERS

Internal Audit – Audit Needs Assessment and Strategic Plan 2016 to 2019 (TRB 23-2016).

GREGORY COLGAN
TREASURER

28 AUGUST 2018

Tay Road Bridge Joint Board

Internal Audit Annual Plan 2018/19

Internal Audit Report No: 2019/01

Draft Issued: 13 August 2018

Final Issued:

Content

1. Introduction	I
2. Strategic Plan 2016 to 2019	2
3. Outline Scope and Objectives	5
• Compliance with Legislation	5
• Physical Security and Asset Management	6
• Corporate Governance	7
• Follow Up Reviews	8

I. Introduction

- I.1 The purpose of this document is to present to the members of Tay Road Bridge Joint Board ('the Board') the annual internal audit operating plan for the year ended 31 March 2019. The plan is based on the proposed allocation of audit days for 2018/19 set out in the Audit Needs Assessment and Strategic Plan 2016 to 2019. The preparation of the Strategic Plan involved dialogue with the Bridge Manager and with the Treasurer.
- I.2 The annual operating plan shows a number of changes to the allocation set out in the above Strategic Plan. Following discussions with the Bridge Manager:
- Due to the fact that there are no significant capital works planned during 2018/19 the two days originally allocated in 2018/19 for a review of capital projects will be held in contingency and assigned to ad hoc work if the need arises during the year.
- I.3 A copy of the revised Strategic Plan is included at Section 2 of this report.
- I.4 At Section 3 of this report we have set out the outline scope and objectives for each planned audit assignment to be undertaken during 2018/19, together with the proposed audit approach. These were arrived at following discussion with the Bridge Manager.
- I.5 Separate reports will be issued for each assignment. Recommendations are graded in each report to reflect the significance of the issues raised.
- I.6 Our audit service complies with the Public Sector Internal Audit Standards (PSIAS).

2. Strategic Plan 2016 to 2019

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Reputation						
Management of Health & Safety	2	2013/14	3			To ensure that the Board's Health & Safety arrangements in relation to the Board's vehicle inspections, which have recently changed, comply with relevant legislation and guidance such as DVSA Guide to Maintaining Roadworthiness and are being implemented as expected.
Health & Safety – Major Incident Identification and Response	2, 4	-		3		To ensure that there are effective arrangements in place for the early identification of major incidents such as attempted suicides. The Board's procedures in relation to providing early intervention, incident response and coordination with emergency services will be considered.
Compliance with Legislation	2	All years			3	To ensure that there are effective arrangements to review compliance and update staff, systems, policies and procedures for changes to legislative requirements. Also considered where applicable on all audits.
Staffing Issues						
Workforce Management	10	2014/15				To ensure there are effective controls over staff recruitment, retention and management.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Payroll	9	2013/14	2			To conduct a high level review covering all key aspects of Payroll, including an examination of payments, authorisations and changes to payroll data and auto-enrolment. The audit will cover activities undertaken by the Board but not the Dundee City Council systems.
Estates and Facilities						
Asset Security / Management (property and other) / Bridge Asset Management	4, 5, 6	2015/16 Good			3	Review the processes and controls in place for the purchase, disposal, maintenance and protection of fixed assets, covering the bridge structure and its approaches, property, plant and equipment and ICT assets.
Capital Projects	4, 5, 6, 8	2015/16	2			Undertake Gateway style reviews to assess whether capital projects are being effectively managed and delivered on time and within budget and have achieved the stated benefits set out in the initial business case. This will include a review of the project's governance arrangements in place at the Board.
Financial Issues						

Tay Road Bridge Joint Board
Internal Audit Annual Plan 2018/19 DRAFT

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Procurement and Creditors / Purchasing	6, 8, 9	2013/14		5		To ensure that there are effective arrangements to review compliance with The Procurement Reform (Scotland) Act 2014, The Public Contracts (Scotland) Regulations 2015 (which transpose the public procurement Directive) and The Procurement (Scotland) Regulations 2016 (which were made under the Act). The audit will include detailed testing to ensure that the Procurement Strategy and procedures in place support best value purchasing across the organisation in relation to non-pay spend. This will include review of the Board's procedures in relation to the tendering and selection of contractors for capital works.
Organisational Issues						
Risk Management / Business Continuity Planning	4, 5, 6, 10	2013/14	2			Cyclical check to ensure there are appropriate arrangements in place for identifying and managing risks and that the Business Continuity Plan is robust thereby reducing the Board's exposure to risk.
Corporate Governance	7	2015/16 Good			3	Cyclical check to undertake a high-level review of the corporate governance and planning arrangements in place within the Board to ensure that the governance framework represents best practice as set out in good practice guidance.
Information and IT						
Compliance with Data Protection Act	2	2014/15 5 agreed actions		3		Cyclical check and timed to ensure that arrangements are in place within the Board to ensure compliance with the EU General Data Protection Regulation (GDPR), which becomes effective in May 2018, focussing on data protection governance, staff data protection training and awareness, data security, data sharing and records management.

Audit Area	Risk Register Ref.	Previous IA Coverage	2016/17 Days	2017/18 Days	2018/19 Days	Objective
Other Audit Activities						
Management & planning, attendance at Joint Board meetings & liaising with external audit			2	2	2	
Follow-up			2	2	2	Follow up of outstanding internal audit recommendations.
ANA			2	-	-	
Contingency			-	-	2	
Total			15	15	15	

3. Outline Scope and Objectives

Audit Assignment:	Compliance with Legislation – review of policies and procedures
Priority:	Medium
Joint Board Meeting:	December 2018
Days:	3

Scope

This audit will involve a high-level review of the processes in place within the organisation for the maintenance of policies and procedures.

Objectives

The objective of our audit will be to obtain reasonable assurance that:

- there is a consistent approach in place for the creation, amendment, approval and distribution of policies and procedures;
- all policies and procedures are reviewed, and updated where necessary, on a periodic basis;
- outwith the normal review cycle there is a process to identify changes in legislation and update policies and procedures on a timely basis;
- policies and procedures in place cover all appropriate areas and are considered adequate;
- staff have access to policies and procedures and are aware of their requirements; and
- processes are in place to ensure that policies are equalities impact assessed to ensure they meet the requirements of the Equalities Act 2010.

Our audit approach will be:

From discussion with the Bridge Manager, Maintenance Supervisor and Administrative Officer we will establish the process in place for the creation, amendment, approval and distribution of policies and procedures and consider whether this is in line with good practice. We will also consider whether the policies and procedures in place cover all areas expected by legislation and good practice.

Tay Road Bridge Joint Board Internal Audit Annual Plan 2018/19 DRAFT

Audit Assignment:	Physical Security and Asset Management
Priority:	Medium
Joint Board Meeting:	January 2019
Days:	3

Scope

We will review the processes and controls in place for the purchase, disposal and maintenance of fixed assets. This will include property and plant and equipment. ICT assets will also be covered by this review.

Objectives

Physical Security

The objective of our audit will be to obtain reasonable assurance that systems are in place to ensure that responsibilities for controlling the physical security of assets are clearly defined and adequate precautions exist to ensure that assets are held securely.

Management of Fixed Assets

The objective of our audit will be to obtain reasonable assurance that systems are in place to ensure that:

- management has an accurate record of its capitalised assets;
- asset registers and inventories are kept up-to-date through regular, accurate and timely reporting of acquisitions, transfers and disposals;
- there is a periodic exercise to verify the accuracy of the registers;
- relevant assets can be identified through use of security tags and correct asset numbering;
- there is adequate scrutiny of plans for the acquisition of new assets and the decision to purchase or lease;
- maintenance contracts in place for plant and equipment offer value for money;
- plant and equipment is subject to regular health and safety testing and, where appropriate, is risk assessed by a suitably competent person; and
- IT assets are disposed of securely.
- systems are in place to ensure that responsibilities for controlling the physical security of assets are clearly defined and adequate precautions exist to ensure that assets are held securely.

Our audit approach will be:

Interviews will be held with relevant Tay Road Bridge staff to assist in documenting the systems and processes in place. A detailed assessment of the key internal controls will be performed, and an audit testing programme devised thereon. Detailed compliance and substantive tests will then be carried out.

Tay Road Bridge Joint Board Internal Audit Annual Plan 2018/19 DRAFT

Audit Assignment:	Corporate Governance
Priority:	Medium
Joint Board Meeting:	June 2019
Days:	3

Scope

This review will cover corporate governance arrangements within the organisation and compare these against best practice included in the CIPFA Delivering Good Governance in Local Government: Guidance Note for Scottish Authorities (2016). This includes reviewing such items as:

- Code of Corporate Governance;
- Committee organisation and administration;
- Standing Orders;
- Financial Regulations;
- Delegation of Powers to Officers;
- Governance self-assessments;
- Fraud and Corruption policies and procedures;
- Complaints and Whistleblowing procedures.

Objectives

The primary objective of the audit will be to obtain reasonable assurance that the organisation's corporate governance arrangements are in accordance with best practice as set out in the CIPFA / SOLACE Delivering Good Governance in Local Government: Framework (2016) and accompanying guidance notes for Scottish Authorities, which was published in September 2016.

Our audit approach will be:

We will identify the corporate governance arrangements in place through interviews with staff and analysis of any corporate governance self-assessment. Relevant supporting documentation will also be reviewed to gain evidence that the arrangements in place have been adequately documented, communicated and are operating effectively.

Tay Road Bridge Joint Board Internal Audit Annual Plan 2018/19 DRAFT

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Joint Board Meeting:	June 2019
Days:	2

Scope

As part of the internal audit programme at the Board for 2018/19 we will review the recommendations raised within internal audit reports issued in 2017/18 and obtain an update on these. Areas covered during 2017/18 were:

- Report 2018/03 – Data Protection

Internal Audit Reports 2018/01 – Annual Plan 2017/18, 2018/02 – Health & Safety – Incident Identification and Response, 2018/04 – Procurement and Creditors / Purchasing and 2018/06 – Annual Report 2017/18 did not contain any action plans and therefore no follow-up of these reports is required.

There are also two outstanding recommendations from previous years that will also be followed up and progress included in this year's Follow-Up Review.

Objective

The objective of our follow-up review will be to assess whether recommendations made in internal audit reports from 2017/18 and outstanding actions from previous years have been appropriately implemented and to ensure where little or no progress has been made towards implementation, that plans are in place to progress them.

Our audit approach will be:

- to request from responsible officers for each report listed above an update on the status of implementation of the recommendations made;
- to ascertain by review of supporting documentation, for any significant recommendations within the reports listed above, whether action undertaken has been adequate; and
- prepare a summary of the current status of the recommendations for the Board.

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Tay Road Bridge Joint Board

30 August 2018

Tay Road Bridge Joint Board Audit of 2017/18 annual accounts

Independent auditor's report

1. Our audit work on the 2017/18 annual accounts is now complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 11 September 2018 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Tay Road Bridge Joint Board's consideration our proposed annual report on the 2017/18 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.
6. We have identified one unadjusted misstatements totalling around £0.1 million, details of which are reported in our proposed annual report on the 2017/18 audit. Management has chosen not to adjust the accounts for this item based on materiality.

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Tay Road Bridge Joint Board we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

8. As part of the completion of our audit, we are seeking written representations from the Section 95 Officer on aspects of the annual accounts, including the judgements and estimates made.
9. A draft letter of representation is attached at **Appendix B**. This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Bruce Crosbie, Senior Audit Manager
Audit Scotland
4th Floor
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Edinburgh

EH3 9DN

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Tay Road Bridge Joint Board and the Accounts Commission

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 approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Tay Road Bridge Joint Board for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, 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 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the Joint Board as at 31 March 2018 and of its income and expenditure 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 2017/18 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

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me 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 Joint Board'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.

Responsibilities of the Treasurer and Tay Road Bridge Joint Board 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 Joint Board'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 Tay Road Bridge Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve 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 my 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 my auditor's report.

Other information in the annual accounts

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I 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 my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am 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 I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my 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 I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Bruce Crosbie FCCA
Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

11 September 2018

APPENDIX B: Letter of Representation (ISA 580)

Bruce Crosbie, Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

10 September 2018

Dear Bruce

Tay Road Bridge Joint Board Annual Accounts 2017/18

1. This representation letter is provided about your audit of the annual accounts of Tay Road Bridge Joint Board for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Assessor and Corporate Management Team, the following representations given to you in connection with your audit of Tay Road Bridge Joint Board 's annual accounts for the year ended 31 March 2018.

General

3. Tay Road Bridge Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2017/18 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Tay Road Bridge Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (2017/18 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Tay Road Bridge Joint Board at 31 March 2018 and the transactions for 2017/18.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2017/18 accounting code where applicable. Where the code does not specifically apply I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Tay Road Bridge Joint Board circumstances and have been consistently applied.
8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed Tay Road Bridge Joint Board 's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Tay Road Bridge Joint Board's ability to continue as a going concern.

Assets

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2018 does not differ materially from that which would be determined if a revaluation had been carried out at that date.
11. I carried out an assessment at 31 March 2018 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.
12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2018.
13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.
14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

15. All liabilities at 31 March 2018 of which I am aware have been recognised in the annual accounts.
16. No provisions have been recognised in the financial statements as there are no liabilities of uncertain timing or amount at 31 March 2018 of which I am aware where the conditions specified in the 2017/18 accounting code have been met.
17. The accrual recognised in the financial statements for holiday and flexi-leave untaken by 31 March 2018 has been estimated on a reasonable basis.
18. The pension assumptions made by the actuary in the IAS 19 report for Tay Road Bridge Joint Board have been considered and I confirm that they are consistent with management's own view.

19. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent liabilities

20. There are no significant contingent liabilities, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. There are no outstanding legal claims which have not been provided under the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and IAS 37.

Fraud

21. I have provided you with all information in relation to:
- my assessment of the risk that the financial statements may be materially misstated because of fraud
 - any allegations of fraud or suspected fraud affecting the financial statements
 - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

22. I 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.

Related Party Transactions

23. All material transactions with related parties have been disclosed in the financial statements in accordance with the 2017/18 accounting code. I have made available to you the identity of all the Tay Road Bridge Joint Board's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

24. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management commentary

25. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

26. I confirm that the Tay Road Bridge Joint Board has undertaken a review of the system of internal control during 2017/18 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
27. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate

governance arrangements or issues identified, since 31 March 2018, which require to be reflected.

Events Subsequent to the Date of the Balance Sheet

28. All events subsequent to 31 March 2018 for which the 2017/18 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Gregory Colgan ACMA, CGMA
Treasurer

Tay Road Bridge Joint Board

Proposed 2017/18 Annual Audit Report



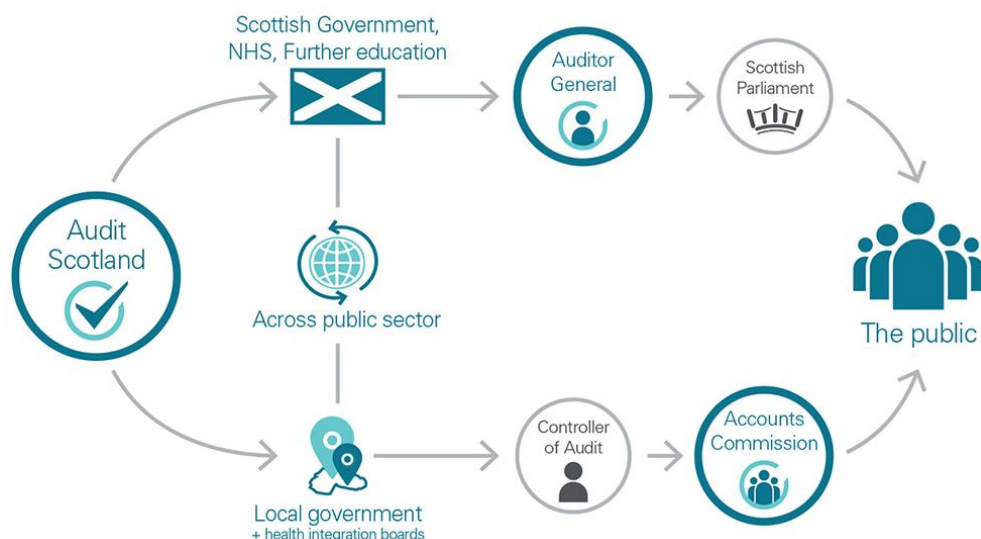
 AUDIT SCOTLAND

Prepared for the Tay Road Bridge Joint Board and the Controller of Audit
10 September 2018

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Key messages

2017/18 annual report and accounts

- 1 The joint board's financial statements give a true and fair view and were properly prepared.
- 2 The audited part of the management commentary, annual governance statement and remuneration report are all consistent with the financial statements and prepared in accordance with proper accounting practices.

Financial sustainability

- 3 The joint board's financial position is sustainable in the short to medium term. However, there is no clear link between the three year budget and the joint board's strategic objectives.
- 4 The three-year capital budget identifies an additional funding requirement of £4.74 million that has yet to be identified.

Governance and transparency

- 5 The information in the annual governance statement is consistent with the financial statements and complies with applicable guidance
- 6 The joint board has appropriate governance arrangements in place that support the scrutiny of decisions made by the Board.
- 7 The joint board is open and transparent in the way it conducts its business and the public can attend Board meetings.

Introduction

1. This report summarises the findings from our 2017/18 audit of Tay Road Bridge Joint Board (the joint board).
2. The scope of our audit was set out in our Annual Audit Plan presented to the March 2018 meeting of the Board. The report comprises findings from:
 - an audit of the annual accounts
 - consideration of the financial sustainability and the governance and transparency arrangements in the joint board.
3. Our standard audits are based on four audit dimensions that frame the wider scope of public sector audit requirements. These are illustrated in [Exhibit 1](#).

Exhibit 1

Audit dimensions



Source: *Code of Audit Practice 2016*

4. The [Code of Audit Practice 2016](#) (the Code) includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can focus on the financial sustainability of the body and its services and the appropriateness of the disclosures in the annual governance statement.
5. As highlighted in our 2017/18 Annual Audit Plan, due to the volume and lack of complexity of the financial transactions, we applied the small body provisions of the Code to the 2017/18 audit of the joint board.
6. The joint board has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The joint board is also responsible

for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

7. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice \(2016\)](#) and supplementary guidance, and International Standards on Auditing in the UK.

8. As public sector auditors we give independent opinions on the annual accounts and conclusions on securing financial sustainability and appropriateness of the governance statement disclosures. In doing this, we aim to support improvement and accountability.

9. The weaknesses or risks identified are only those which have come to their attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

10. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.

11. We confirm that we comply with the Financial Reporting Council's Ethical Standard. We have not undertaken any non-audit related services and therefore the 2017/18 audit fee of £12,010 as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

Adding value through the audit

12. Our aim is to add value to the joint board by providing insight and foresight on financial sustainability and by identifying areas of improvement and recommending/encouraging good practice. In so doing, we aim to help the Board promote improved standards of financial planning, better management and decision making.

13. This report is addressed to the joint board and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

14. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

Part 1

Audit of 2017/18 annual report and accounts



Main judgements

The joint board's financial statements give a true and fair view and were properly prepared.

The audited part of the management commentary, annual governance statement and remuneration report are all consistent with the financial statements and prepared in accordance with proper accounting practices.

Audit opinions on the annual report and accounts

15. The annual report and accounts for the year ended 31 March 2018 were approved by the Board on 10 September 2018. We reported, within our independent auditor's report:

- the financial statements give a true and fair view and were properly prepared
- the audited part of the management commentary, remuneration report and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the guidance.

16. We have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records or the information and explanations we received.

The annual report and accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

Submission of annual report and accounts for audit

17. We received the unaudited annual report and accounts on 20 June 2018 in line with the audit timetable set out in our 2017/18 Annual Audit Plan.

18. The working papers provided with the unaudited accounts were of a good standard and finance staff provided good support to the audit team during the audit. This helped ensure that the audit of the annual accounts process ran smoothly.

Whole of Government Accounts

19. In accordance with the WGA guidance we completed the required assurance statement and have submitted the statement to the National Audit Office (NAO) prior to the 30 September 2018 deadline.

Risks of material misstatement

20. [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process which had the greatest effect on the overall audit strategy, the allocation of resources to the audit

and directing the efforts of the audit team and the wider audit dimension risks identified.

Materiality

21. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement and involves considering both the amount and nature of the misstatement. It is affected by our perception of the financial information needs of users of the financial statements.

22. We carried out our initial assessment of materiality for the annual report and accounts during the planning phase of the audit. On receipt of the annual accounts we reviewed our planning materiality calculations. The revised materiality levels are summarised in [Exhibit 2](#).

Exhibit 2

Materiality values

Materiality level	Amount
Overall materiality	£366,000
Performance materiality	£275,000
Lower level performance materiality	£58,000
Reporting threshold	£18,000

Source: Audit Scotland

How we evaluate misstatements

23. We identified one misstatement in the unaudited financial statements arising from our audit which was above our reporting threshold. The impact of adjusting for the misstatement would be reduce net assets and reserves by £0.1 million. There would be no impact on the general fund balance. Further details on the misstatement are reported at paragraph 25.

24. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected. The final decision on this lies with those charged with governance considering advice from senior officers and materiality. Management do not propose to adjust for the item above as the amount is not considered material in the context of the financial statements.

Significant findings from the audit (ISA 260)

25. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance. One significant finding has arisen from the audit in respect of the pension liabilities reported in the balance sheet.

26. The timing of actuarial reports means that actuaries produce their IAS 19 reports using estimated data for the final part of the year. These estimates may need to be revised as a result of new information or experience.

27. Actual experience has resulted in the asset returns for the Tay Road Bridge being significantly greater than actual returns. The actuarial estimates have not

been updated which has resulted in an overstatement of asset values and consequently an understatement in pension liabilities. We have identified the misstatement in the pension liability to be £0.1 million.

Other findings

28. We identified several presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual accounts.

Follow up of prior year recommendations

29. We have followed up actions previously reported and assessed progress with implementation. These are reported in [Appendix 1](#).

30. In total, 2 agreed actions were raised in 2016/17. Of these:

- one has been fully implemented
- one has had no cases during the year to ensure the recommendation has been actioned.

31. We have concluded that progress has been made with prior year recommendations, where appropriate.

Objections

32. The Local Authority Accounts (Scotland) Regulations 2014 require a local authority body to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The joint board complied with the regulations. No objections were received in relation to the joint board's accounts.

Part 2

Financial sustainability



Main judgements

The joint board's financial position is sustainable in the short to medium term. However, there is no clear link between the three year budget and the joint board's strategic objectives.

The three-year capital budget identifies an additional funding requirement of £4.74 million that has yet to be identified.

Financial performance in 2017/18

33. In December 2016, the joint board approved a revenue budget of £1.62 million for 2017/18. This was a reduction of £0.05 million (2.9%) on the approved budget for 2016/17. The 2017/18 budget was to be met out of income of £1.72 million (mainly from Scottish Government Resource Grant), with the remaining £0.10 million of income to be used to fund minor improvement works, as capital funded from revenue. This effectively resulted in a break-even budget for the joint board.

34. The financial performance of the joint board during 2017/18 was such that it achieved break-even, however within this there are variations in some areas of service, the more significant of which are summarised in [Exhibit 2](#).

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Exhibit 2

Summary of significant variations against budget

Area	Variance Favourable/ (unfavourable)	Main reason(s) for variance
Administration	£(0.19) million	Settlement of a court case for £0.21 million following Senior Counsel's advice, partly offset by savings on annual insurance premiums, training, medicals and IT hardware.
Plant & equipment	£0.07 million	Installation of new CCTV equipment reducing the annual equipment maintenance and rental of digital equipment. Also savings on electricity, equipment purchase, plant hire, materials, fuel, vehicle maintenance, harbourage costs, and principal inspections.
Non- Specific Grant Income	£0.08 million	The application of unused revenue grants carried forward from previous years.

Source: Tay Road Bridge Joint Board Annual Accounts 2017/18

Capital expenditure

35. The joint board incurred capital expenditure of £0.60 million in 2017/18. Capital funding was provided by the Scottish Government amounting to £0.75 million, other capital receipts of £0.01 million and capital funded from revenue (CFCR) of £0.09 million. This resulted in £0.25 million of unused capital receipts which were carried forward in the capital grants unapplied account for future use. This increased the capital grants unapplied account to £1.55 million as at 31 March 2018 (2016/17 £1.30 million).

36. The original capital expenditure budget for 2017/18, approved in December 2016, was £0.88 million, with £0.26 million of this budget now being anticipated to be spent in 2018/19. The main item of slippage in capital expenditure was £0.18 million for CP monitoring equipment which will go ahead in 2018/19. In addition, a project for paintwork to box girders budgeted at £0.16 million did not go ahead following receipt of a consultant's report that the existing paintwork is in good condition.

Financial planning

37. It is important that longer-term financial strategies are in place which link spending to the joint board's strategies. Although members only approve the revenue budget for a single year, this should be supported by indicative future spending plans (covering three years at least) that forecast the impact of relevant pressures on the joint board.

38. The Accounts Commission recommended that when future funding is not known, plans should be made for a range of scenarios so that the organisation is prepared for different levels of funding and income.

39. The joint board produces a three year revenue budget. Due to the limited nature of the operations of the joint board, there is no service plan or key performance measures in place. There is therefore, no clear link between the three year budget and the joint board's strategic objectives.

40. There also remains significant uncertainty about the detailed implications of EU withdrawal (i.e. Brexit). It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in areas such as workforce availability and potential changes to regulations.



Recommendation 1

The joint board should consider the introduction of service planning to demonstrate that strategic objectives are being achieved effectively, efficiently and economically. There should be a clear link between the three year revenue budget and the joint board's strategic objectives and service planning. The impact of EU withdrawal should be covered in the plan.

Reserves

41. The joint board holds a general fund reserve, the main purpose of which is to provide a contingency fund to meet unexpected expenditure and as a working balance to help cushion the impact of uneven cash flows. The usable reserves held by the joint board at 31 March 2018 remained at the same level as 31 March 2017, at £1.16 million.

42. The joint board reviews the level of its reserves when setting the budget each year. The joint board's approved reserves strategy specifies that uncommitted reserves should be £0.80 million and therefore the level of uncommitted general reserve exceeds the minimum level in the approved reserve strategy.

43. In December 2017, the joint board agreed its 2018/19 draft budget and noted its provisional budget for 2019/20 and 2020/21. The budgets anticipate a deficit of £0.257 million over the three-year period. This is expected to be funded from £1 million of carried forward government grant funding rather than reserves.

44. We have concluded that the joint board's financial position is sustainable in the short term, however, due to the lack of a service plan, it is difficult to assess whether the joint board is providing best value in the delivery of its objectives and achieving efficiencies in the delivery of its service.

Capital planning

45. The 2018/19 to 2020/21 capital programme, approved in December 2017, anticipates capital expenditure of £7.34 million over the period, with £1.43 million to be funded from the capital grants unapplied account. The balance of £5.91 million is anticipated to be funded by capital from current revenue of £0.43 million and further Scottish Government capital grant. The joint board was notified of the capital grant of £0.75 million for 2018/19 in March 2018, leaving an additional funding requirement of £4.74 million for the period 2019-21 yet to be identified.

46. This significant capital funding gap relates mainly to 2020/21 where £4.50 million income has yet to be identified. The two significant areas of expenditure identified in the 2020/21 capital plan is carriageway resurfacing of £3.60 million and replacement of expansion joints £0.75 million.



Recommendation 2

The joint board should formulate plans for fully resourcing the 2020/21 capital expenditure as soon as practicable.

Part 3

Governance and transparency



Main judgements

The information in the annual governance statement is consistent with the financial statements and complies with applicable guidance.

The joint board has appropriate governance arrangements in place that support the scrutiny of decisions made by the Board.

The joint board is open and transparent in the way it conducts its business and the public can attend Board meetings.

Annual governance statement

47. Our review of the annual governance statement assessed the assurances which are provided to the Bridge Manager regarding the adequacy and effectiveness of the joint board's system of internal control which operated in the financial year.

48. The statement highlights areas for improvement in 2018/19 as well as progress on items included last year in the 2017/18 improvement plan. 2018/19 improvement actions include update of data protection procedures following the recent implementation of the General Data Protection Regulations, equalities and human rights training for employees, recruitment training for management, review of the quality of the joint board's website, the introduction of a personal harassment policy and mental health awareness initiatives for the workforce.

49. The statement also summarises internal audit findings and key reports issued in the year, with the overall conclusion of internal audit noted as being that "the joint board operates adequate and effective internal control systems and proper arrangements are in place to promote and secure value for money."

50. We concluded that the information in the annual governance statement is consistent with the financial statements and complies with applicable guidance.

Governance arrangements

51. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.

52. Members and management of the joint board are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements.

53. Based on our observations and audit work performed during 2017/18, we concluded that the joint board has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision-making.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

Transparency

54. Transparency means that the general public have access to understandable, relevant and timely information about how the joint board is taking decisions and how it is using resources such as money, people and assets.

55. There is evidence from several sources which demonstrate the joint board's commitment to transparency. Members of the public can attend meetings of the Board. Minutes of the Board meetings and supporting papers are readily available on the joint board's website.

56. The joint board makes its annual accounts available on its website. These include a management commentary which provides details of performance against budget, information on the use of reserves and risks and uncertainties facing the joint board.

57. Overall, we concluded that the joint board conducts its business in an open and transparent manner.

Internal Audit

58. The joint board's internal audit function is carried out by Henderson Loggie who were re-appointed internal auditors for 3 years commencing April 2016. Each year we consider whether we can rely on internal audit work to avoid duplication of effort. When we plan to place reliance on internal audit work we carry out an assessment of the internal audit function to ensure that it is sufficient in terms of documentations standards, reporting procedures and quality, and is performed in accordance with Public Sector Internal Audit Standards (PSIAS).

59. We reviewed the joint board's internal audit arrangements in accordance with International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors) to determine the extent we could rely on the work of internal audit.

60. In our 2017/18 annual audit plan we highlighted that we planned to place reliance on internal audit's work on Procurement and Creditors/Purchasing and Data Protection and we did not plan to place reliance on the work of internal audit for our financial statements responsibilities.

61. Overall, we concluded that we would place reliance on aspects of internal audit work as highlighted in our plan. Henderson Loggie assessed Procurement and Creditors/Purchasing as 'good' which is the highest of their four assessment ratings and Data Protection as satisfactory, the second highest rating. Action plans have been agreed with management to implement improvements.

Standards of conduct for prevention and detection of fraud and error

62. The joint board has a range of established procedures for preventing and detecting fraud and irregularity including a whistleblowing policy, anti-fraud strategy and codes of conduct for members and officers. We assessed these to ensure that they were appropriate, readily available to staff and are regularly reviewed to ensure they remain relevant and current.

63. We concluded that the joint board has appropriate arrangements in place for the prevention and detection of bribery and corruption. We are not aware of any specific issues we require to bring to your attention.

General Data Protection Regulation

64. The new General Data Protection Regulation (GDPR) came into force on 25 May 2018. This replaced the UK Data Protection Act 1998. As a Regulation, all EU member states must implement it in the same way. GDPR sets out further

requirements than the DPA and has introduced new and significantly changed data protection concepts.

65. GDPR introduces a wide range of new rights for individuals in respect of their personal data. These include the right to be forgotten, the right to object to certain processing activities and to decisions taken by automated processes. Failure to comply with new GDPR data handling arrangements could result in the joint board incurring significant fines.

66. Internal audit conducted a review of data protection, including the new GDPR requirements and found the arrangements to be satisfactory. In April 2018, internal audit found that the data protection related policies and procedures and joint board's compliance with data protection legislation and readiness for GDPR had been reviewed in advance of the prescribed implementation date. Internal audit also found that appropriate response procedures for data breaches had not been developed and agreed an action plan with management which included this area of weakness.

67. Based on our assessment of the steps taken by the joint board, we conclude that the joint board made good progress on planning for and implementing the GDPR requirements.

Appendix 1

Action plan 2017/18

2017/18 recommendations for improvement



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Financial planning</p> <p>Due to the limited nature of the operations of the joint board, there are no service plans or key performance measures in place. There is therefore, no clear link between the three year revenue budget and the joint board's strategic objectives.</p> <p>Risk</p> <p>The board cannot demonstrate that strategic objectives are being achieved effectively, efficiently and economically.</p>	<p>The joint board should consider the introduction of service planning to demonstrate that strategic objectives are being achieved effectively, efficiently and economically. There should be a clear link between the three year revenue budget and the joint board's strategic objectives and service planning.</p> <p>Paragraph 40</p>	<p>Action: A Strategic Plan, including measurable outcomes, will be formulated.</p> <p>Responsible officer: Bridge Manager.</p> <p>Agreed date: March 2019.</p>
2	<p>Capital planning</p> <p>A significant capital funding gap exists for 2020/21, where £4.50 million of capital funding has yet to be identified.</p> <p>Risk</p> <p>Insufficient funds may be available to fund key capital projects.</p>	<p>The joint board should formulate plans for fully resourcing the 2020/21 capital expenditure as soon as practicable.</p> <p>Paragraph 46</p>	<p>Action: It is anticipated that this funding will be forthcoming from Transport Scotland when it is required, but the Scottish Government's Spending Review only provides a commitment for one year of grant funding. The funding will be included in budget estimates when it is confirmed.</p> <p>Responsible officer: Treasurer.</p> <p>Agreed date: December 2019</p>

Follow up of prior year recommendations

PY1	<p>Management Commentary: noncompliance with guidance and Regulations</p> <p>A number of disclosures required by extant guidance and regulations had not been presented appropriately in the Management Commentary.</p> <p>Risk</p>	<p>The joint board should ensure that there is a process in place to ensure that the requirements of existing guidance and regulations are met.</p>	<p>Action completed</p>
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No.	Issue/risk	Recommendation	Agreed management action/timing
	The accounts may not comply with current guidance and regulations.		
PY2	<p>Exit packages</p> <p>Management were unable to provide evidence that exit package payments represented value for money to the joint board.</p> <p>Risk</p> <p>Exit package payments may not represent value for money.</p>	<p>Business cases should be prepared and retained to evidence that exit packages represent value for money to the joint board. The business case should be presented to members and should include consideration of the payback period of the exit package over an appropriate period.</p>	<p>No cases occurred during 2017/18.</p>

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion.

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
1 Risk of management override of controls ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.	Detailed testing of journal entries. Review of accounting estimates. Focused testing of accruals and prepayments. Evaluation of significant transactions that are outside the normal course of business.	Journal entry adjustments were tested and no indications of management override of controls were found. Judgements and estimations applied were tested to confirm they were appropriate and reasonable. No issues were highlighted with the judgements and estimates applied. We reviewed transactions during the year. The settlement of a court case is adequately disclosed in the management commentary. No other issues were highlighted where significant transactions were outside the normal course of business.
2 Risk of fraud over expenditure The Code of Audit Practice requires consideration of the risk of fraud over expenditure. The board incurs significant expenditure which requires audit coverage.	Assessment of key financial controls over expenditure. Detailed testing of transactions focusing on the greater areas of risk.	No significant issues were found in relation to controls in place across the key financial systems. We reviewed expenditure transactions during the year – no issues highlighted in relation to the risk of fraud over expenditure.
3 Estimation and judgements There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non-current assets and pensions. This subjectivity represents an increased risk of misstatement in the financial statements.	Completion of 'review of the work of an expert' for the actuary and valuer. Focused testing of non-current assets and pension figures.	Reviewed the work of the actuary. No issues were identified. No property revaluations were carried out in 2017/18. Judgements and estimations applied were tested to confirm they were appropriate and reasonable. No issues were highlighted with the judgements and estimates applied.

Appendix 3

Summary of national performance reports 2017/18



	Apr	
	May	
Common Agricultural Policy Futures programme: further update	Jun	Scotland's colleges 2017
	Jul	NHS workforce planning
Self-directed support: 2017 progress report	Aug	
Equal pay in Scottish councils	Sept	
Transport Scotland's ferry services	Oct	NHS in Scotland 2017
Local government in Scotland: Financial overview 2016/17	Nov	
	Dec	
	Jan	
Early learning and childcare	Feb	
Managing the implementation of the Scotland Acts	Mar	

Tay Road Bridge Joint Board

Proposed 2017/18 Annual Audit Report

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REPORT TO: TAY ROAD BRIDGE JOINT BOARD – 10 SEPTEMBER 2018

REPORT ON: RESPONSE TO EXTERNAL AUDITOR'S ANNUAL REPORT ON THE 2017/2018 AUDIT OF TAY ROAD BRIDGE JOINT BOARD

REPORT BY: TREASURER

REPORT NO: TRB 18-2018

1 PURPOSE OF REPORT

This report is a response to the report prepared by the Board's External Auditor on the audit of Tay Road Bridge Joint Board for the year ended 31 March 2018. A copy of the External Auditor's report and the Board's Audited Statement of Accounts are included on the agenda as separate items.

2 RECOMMENDATIONS

It is recommended that the Board:

- i endorse this report as the formal response to the External Auditor's report;
- ii notes that the External Auditor's findings and conclusions are favourable; and
- iii instructs the Treasurer to monitor the implementation of the agreed action plan appended to this report.

3 FINANCIAL IMPLICATIONS

The Board's 2017/2018 Movement in Reserves Statement shows that there was a break-even position during the year. This gives a total General Reserve Balance of £1,160,591 as at 31 March 2018.

4 MAIN TEXT

Introduction

- 4.1 The external audit of the Board for the financial year 2017/2018 was carried out by Mr Bruce Crosbie, Senior Audit Manager, Audit Scotland. The Joint Board's External Auditors are appointed for a five year period and the financial year 2017/2018 marked the second year of Audit Scotland's current appointment to the Board.

External Auditors Report

- 4.2 The External Auditor's report outlines his main responsibilities as auditor and describes the scope of audit work undertaken during 2017/2018 and the issues arising from that work. The report is divided into the following areas:
- Key Messages;
 - Introduction;
 - Audit of 2017/2018 Annual Accounts;
 - Financial Sustainability;
 - Governance and Transparency; and
 - Appendices.
- 4.3 In addition to the Members of the Board, the External Auditor's Report is also addressed to the Controller of Audit at the Accounts Commission for Scotland. Given this wider audience, and the extent of the External Auditor's responsibilities and scope of work, his report is by necessity both fulsome and extensive. A copy of his report is included on

the agenda as a separate item. Accordingly, it is not the intention of this report to provide a detailed response or commentary on all the External Auditor's findings.

External Auditor's Conclusions

4.4 During 2017/2018, the External Auditor examined a number of areas covering a wide range of the Board's activities. It is pleasing to note that the auditor's overall findings and conclusions are satisfactory. In particular the Board can take encouragement from the following findings:

- the accounts were submitted on time;
- there was no qualification to the auditor's opinion;
- final accounts working papers were of good quality;
- assurance can be placed on the financial systems and internal financial controls used by the Board;
- the Board's financial position is considered to be sustainable in the short-term; and
- the Board has effective corporate governance arrangements in place which provide an appropriate framework for organisational decision-making.

External Auditor's Recommendations

4.5 The External Auditor made two recommendations for improvement:

- There are no service plans or key performance measures in place and therefore no clear link between the revenue budgets and the Board's strategic objectives. Management has agreed to formulate a Strategic Plan which will include measureable outcomes; and
- A significant funding gap relating to the capital plan for 2020/21 has been identified. Management anticipate that this funding will be provided by Transport Scotland, but the Scottish Government's Spending Review only provides a commitment for one year of grant funding. The funding will be included in budget estimates when it is confirmed in 2019.

5 BACKGROUND

Revenue Expenditure

5.1 The Board's 2017/2018 Movement in Reserves Statement shows that there was a break-even budget during the year. The main variances were as follows:

	£000
Administration overspend	185
Operations overspend	26
Plant and Equipment underspend	(73)
Bridge Maintenance underspend	(31)
Financing and Investment Income and Expenditure underspend	(12)
Non-Specific Grant Income applied	(82)
Other accounting adjustments (CFCR)	(13)
TOTAL	<u><u>-</u></u>

Further details of the other areas of under and overspend together with reasons for these variances are included on page 9 of the Annual Accounts. The overall effect of the above resulted in a closing General Reserve Balance of £1,160,591 as at 31 March 2018. The applied grant income figure of £82,000 results in a total Unapplied Revenue

Grant balance of £1,022,616 as at 31 March 2018. This balance will be used to fund any overspend in future financial years before any contributions are made from the General Fund Reserve Balance.

Capital Expenditure

- 5.2 On 5 December 2016, the Board approved a 2017/2018 Capital Expenditure Programme (Report TRB 30-2016) for various works on the bridge and other miscellaneous capital purchases totalling £875,000 which would be funded by capital grant from the Scottish Government, previous years' Capital Grant carried forward and Capital Funded from Current Revenue. The Board received quarterly capital monitoring reports to keep members fully apprised as to the actual spend-to-date and the projected capital expenditure outturn position. The last projected outturn on the capital programme of £643,000 was reported to the Board on 5 March 2018, (report TRB 2-2018 refers).

During the financial year 2017/2018, the Board incurred capital expenditure of £596,000, i.e. an underspend of £279,000 against the approved capital budget. The variance against the original budget relates to carry forward from previous year of £25,000 offset by net budget savings, including planned expenditure not required, during the year of £304,000. The overall effect of the above resulted in a carry forward of unspent Capital Grant into 2018/2019 of £1,548,000.

6 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environment Assessment, Anti-Poverty and Equality Impact Assessment and Risk Management. There are no major issues identified.

7 CONSULTATIONS

The Clerk, Bridge Manager and Engineer to the Board have been consulted in the preparation of this report and are in agreement with the contents.

8 BACKGROUND PAPERS

Audit Scotland: Tay Road Bridge Joint Board - Annual Report to Members on the 2017/2018 Audit (September 2018).

GREGORY COLGAN
TREASURER

28 AUGUST 2018



Tay Road Bridge



TAY ROAD BRIDGE JOINT BOARD

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

AUDITED



SEPTEMBER 2018

**TAY ROAD BRIDGE JOINT BOARD
ANNUAL ACCOUNTS 2017/2018
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TAY ROAD BRIDGE JOINT BOARD MEMBERS AND OFFICIALS

The Board comprises 12 elected members who are appointed by the three constituent local authorities to serve on the Board. Dundee City Council nominates 6 members, Angus Council has 1 member and Fife Council nominates the remaining 5 members. Following the Scottish Local Government Elections that were held in May 2017 it was agreed by the Board that Dundee City Council would continue to act as lead authority to the Board, and consequently, the Council are required to appoint officers to serve as officials of the Board. At the end of financial year 2017/2018, the Members and Officials of the Board were:

Representing Dundee City Council

Councillor Stewart Hunter (Chair)
Councillor Bill Campbell
Councillor Fraser Macpherson
Councillor Lynne Short
Councillor Margaret Richardson
Councillor George McIrvine



Representing Angus Council

Councillor Craig Fotheringham



Representing Fife Council

Councillor Jonny Tepp (Vice Chair)
Councillor Brian Thomson
Councillor Bill Connor
Councillor Andy Heer
Councillor John Docherty



Bridge Manager

Mr Alan Hutchison BEng (Hons), MSc, CEng, MICE

Engineer

Mr Fergus Wilson BSc, MBA, CEng, MICE, MCIHT, MAPS, Dundee City Council

Clerk

Mr Roger Mennie LLB (Hons), DipLP, Dundee City Council

Treasurer

Mr Gregory Colgan, BAcc (Hons), ACMA, CGMA, Dundee City Council

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TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY

INTRODUCTION

We are pleased to present the Annual Accounts for Tay Road Bridge Joint Board ("the Board") for the year ended 31st March 2018. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018 ("the Code"). This Management Commentary provides a context for the annual accounts and an analysis of the financial performance during the year. The principal risks and uncertainties facing the Board are identified, together with the potential impact and actions being taken.

The Board was established by the Tay Road Bridge Order Confirmation Act 1962 to construct and maintain the Tay Road Bridge. This Order was superseded by the Tay Road Bridge Order Confirmation Act 1991 ("the 1991 Act"). The Board's Business Model has been set up to meet the requirements of the 1991 Act.

ORGANISATIONAL CHANGES

This year has been one of progress for staff at the bridge, particularly the Operations staff who have shown great dedication in achieving the traffic management qualifications needed to provide them with the necessary skills and confidence to help management transform how the bridge deals with breakdowns, debris and other incidents on the bridge.

The introduction of an in-house Impact Protection Vehicle (IPV) in December 2017 is aimed predominantly at improving the safety of all bridge users and staff. The IPV is used to safely protect stranded vehicles and debris from other vehicles using the bridge. This highly visible blocking vehicle means that the bridge can be kept open until expert third party recovery services arrive to quickly and carefully remove any obstruction. The outsourcing of vehicle recovery services to an experienced local firm, Ninewells Garage, is working well, and they provide the necessary experience to make sure that all types of vehicles can be recovered safely and timeously. This is a significant improvement over the previous Tay Road Bridge recovery capabilities, where vehicle recovery was limited. This way of working maximises bridge availability to all users and also provides reassurance to stranded vehicle drivers and occupants.



November 2017 saw the retirement of an experienced Bridge Officer. This post was advertised using the "myjobscotland" website favoured by all Scottish local authorities. The post was filled at the start of January 2018 following 102 applications.

The staffing levels have remained static since the retirement of the Operations Manager at the end of March 2017, with an organisational make-up of twenty-two staff members, comprising eleven shift workers (Operations staff), eight Maintenance members of staff and three members of staff dealing with all management and administrative duties.

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY

MANAGEMENT ARRANGEMENTS WITH SCOTTISH GOVERNMENT

During this period, the main point of contact with the Scottish Government continued to be the Trunk Road and Bus Operations Team of Transport Scotland. Meetings have been held on a regular basis between Board Officers and officers from the Trunk Road and Bus Operations Team to discuss operational and financial matters.

CONTRACTS

The management of traffic and pedestrian users of the Tay Road Bridge has benefitted from a number of successful projects delivered in 2017/2018, with more projects due for delivery in 2018/2019 that will add resilience to the bridge's infrastructure.

New CCTV

In December 2016 the Board approved installation of thirty new cameras for the Tay Road Bridge, designed to replace and enhance existing infrastructure. The CCTV project was completed during the summer of 2017 and has proved to be a very successful tool to help Control Room Supervisors recognise and respond to breakdowns more efficiently and accurately, notice and clear debris from the carriageway more quickly, and also assist the Police with enquiries into incidents that occur on the bridge.

New Variable Message Signs

Following Board agreement in March 2017, VMS Ltd of Newcastle completed installation of ten new Variable Message Signs on the Tay Road Bridge and environs in February 2018. These flexible message signs allow the Tay Road Bridge to share important safety and traffic information with users more effectively than previously possible. All signs are located at key locations on the approaches to and on the bridge itself to provide advanced warning of hazardous road conditions or bridge restrictions, placed at strategic locations to make sure that drivers have sufficient notice to help them amend their driving behaviour accordingly.



SESTRAN Park & Ride Proposal

This proposal is currently on hold subject to funding availability to SESTRAN.

New Passenger Lift

The Board approved the manufacture and installation of a new passenger lift to serve the bridge walkway at the Dundee landfall in March 2018. The aim of the new lift, to be installed by Caltech of Dundee, is to improve lift reliability and reduce downtime, thus helping to ensure that the lift remains open to all user groups. This project is planned to commence in early August 2018, with completion by mid-September.

New Switchgear

The tender report for this project was approved at the June 2018 Board meeting. The aim of this project is to renew and upgrade the main electrical switchgear that serves the Dundee and Fife sides of the bridge. The switchgear is over thirty years old and to minimise the risk of future failure, and thus help ensure business continuity, along with an upgrade of capacity to accept future electric vehicle charge points.

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY

TRAFFIC

One or both lanes on the bridge were closed on a number of occasions over the past twelve months. The table below summarises the reasons and number of occurrences:-

Wind speed > 80mph	Wind speed > 60mph	Wind speed > 45mph	Breakdowns and Minor Accidents	Operational, Miscellaneous and Police Closures
Closed to all Vehicles	Cars Only	No Double Deck buses		
1	8	39	37	537
Comparator figures for 2016/2017:				
0	7	43	53	394

Over the past twelve months there was one full closure due to winds exceeding 80mph and the number of wind related restrictions is in line with those recorded in 2016/2017.

The number of short term single carriageway closures to clear breakdowns and minor accidents from the bridge is 30% lower over this period when compared to 2016/2017, but Operational, Miscellaneous and Police closures have increased by 36%. This will be due in part to very short closures associated with the CCTV and VMS installation.

There were no full closures for works during 2017/2018 (2016/2017 = nil).

STAFFING ISSUES

Staff Establishment

Staffing levels and the existing establishment stands as follows:-

	2017/2018	2016/2017
Administration	3	3
Operational	11	11
Maintenance	8	8
Total	22	22



TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY

FINANCIAL PERFORMANCE REVIEW

CIPFA's Telling the Story Review of the Presentation of Local Authority Financial Statements:

Following publication in 2015 of CIPFA's Telling the Story Review of the Presentation of Local Authority Financial Statements, the 2016/2017 Code changed the segmental reporting arrangements for the Comprehensive Income and Expenditure Statement and introduced the Expenditure and Funding Analysis. The new Expenditure and Funding Analysis brings together Local Authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Reserve. Both the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis include a segmental analysis which requires local authorities to report performance on the basis of how they are structured and how they operate, monitor and manage financial performance.

Revenue Expenditure

The Tay Road Bridge Joint Board, at its meeting on 5 December 2016, approved the 2017/2018 Revenue Budget. The final budget showed a projected break-even position. The projected General Reserve balance as at 31 March 2018 would be £1,160,591.

The Board received quarterly Revenue Monitoring reports during 2017/2018 in order to keep the members fully apprised as to the projected revenue outturn position.

The following table reconciles the Revenue Budget approved by the Board on 5 December 2016 to the revised budget figures that are included in the Comprehensive Income and Expenditure Statement shown on page 25. The actual outturn for 2017/2018 was a net overspend against budget of £13,000 before the application of accounting adjustments and the detailed variance analysis is set out on page 9. After the required accounting adjustments this gives a total General Reserve balance of £1,160,591 as at 31 March 2018 which is unchanged from the corresponding figure at 31 March 2017.

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY

	Approved Budget £000	Reallocate CFCR £000	Net Depreciation & Impairment Allocation £000	Reallocate Investment Property Inc & Exp £000	Employee Benefits Adjustment £000	Net (Gain)or Loss on Disposal of Assets £000	Recognised Capital Grant £000	IAS 19 Adjs £000	Revised Budget £000	Actual Expend/ (Income) £000	Over / (Under) Spend £000
Administration	463	-	-	-	-	-	-	12	475	660	185
Operations	465	-	-	-	-	-	-	67	532	558	26
Plant & Equipment	297	-	-	-	-	-	-	-	297	224	(73)
Bridge Maintenance	399	-	-	(10)	3	-	-	47	439	408	(31)
CFCR	100	(100)	-	-	-	-	-	-	-	-	-
Corporate Costs	-	-	1,943	-	-	-	-	34	1,977	1,977	-
Net Cost of Services	1,724	(100)	1,943	(10)	3	-	-	160	3,720	3,827	107
Other Operating Income & Expenditure	(11)	-	-	10	-	(7)	-	-	(8)	(8)	-
Financing & Investment Income & Expenditure	(13)	-	-	-	-	-	-	68	55	43	(12)
Non-Specific Grant Income	(1,700)	-	-	-	-	-	(750)	-	(2,450)	(2,532)	(82)
(Surplus) / Deficit on Provision of Service	-	(100)	1,943	-	3	(7)	(750)	228	1,317	1,330	13
(Surplus) / Deficit on Revaluation of PPE	-	-	-	-	-	-	-	-	-	-	-
Actuarial (Gains) / Losses on Pension Assets / Liabilities	-	-	-	-	-	-	-	(2,035)	(2,035)	(2,035)	-
Total Comprehensive Income & Expenditure	-	(100)	1,943	-	3	(7)	(750)	(1,807)	(718)	(705)	13
IAS 19 Adjustments	-	-	-	-	-	-	-	1,807	1,807	1,807	-
Other IFRS Code Accounting Adjustments	-	100	(1,943)	-	(3)	7	750	-	(1,089)	(1,102)	(13)
Total (Surplus)/ Deficit	-	-	-	-	-	-	-	-	-	-	-
General Reserve Balance b/fwd	(1,161)	-	-	-	-	-	-	-	(1,161)	(1,161)	-
General Reserve Balance c/fwd	(1,161)	-	-	-	-	-	-	-	(1,161)	(1,161)	-

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY

The following two charts show how the total 2017/2018 expenditure of the Board is apportioned. Figure 1 shows the split by the nature of expenditure, for example, staff cost, property costs, etc. and Figure 2 shows the proportion of expenditure by operational segment.

Figure 1: 2017/18 Net Cost of Services by Nature:

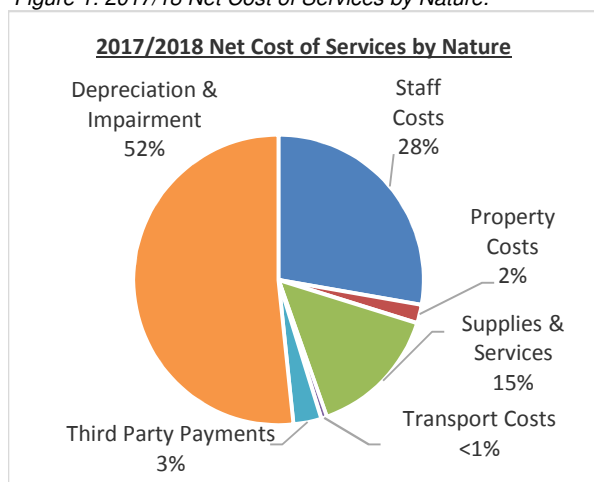
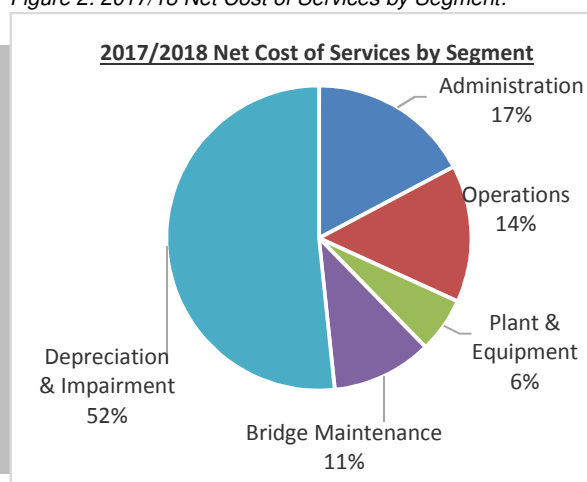


Figure 2: 2017/18 Net Cost of Services by Segment:



Administration (Overspend £185,000)

This reflects increased expenditure in relation to payment of £210,000 in respects of an outstanding legal case (see section titled Settlement of Court Case on page 10 for a full description of this case). This was partly offset by lower than anticipated expenditure on various expenditure headings including annual insurance premiums, training, medicals, and IT hardware.

Operations (Overspend £26,000)

This reflects increased expenditure during the year on salary costs and additional training required for the implementation of new vehicle recovery working practices. This was partly offset by lower than anticipated expenditure on staff uniforms and vehicle recoveries.

Plant & Equipment (Underspend £73,000)

This reflects savings resulting from the installation of new CCTV equipment which has reduced the annual equipment maintenance and rental of digital equipment costs. In addition, there was lower than anticipated expenditure on the cathodic protection system as the monitoring system is scheduled to be replaced in 2018/2019. There were also lower than expected expenditure on various expenditure headings including electricity, equipment purchase, plant hire, materials, fuel, vehicle maintenance, harbourage costs, and principal inspections.

Bridge Maintenance (Underspend £31,000)

Reflects lower than anticipated expenditure in relation to external consultant structural inspections and miscellaneous inspections and reports as a result of more inspections being undertaken in-house. In addition, expenditure on overtime, medicals, electricity, plant hire equipment maintenance, materials, and de-icing materials was lower than anticipated. These savings were partly offset by increased expenditure on training courses in relation to the introduction of the new Impact Protection Vehicle and higher than anticipated costs associated with ground maintenance.

Financing and Investment Income and Expenditure (Underspend £12,000)

Reflects lower than anticipated expenditure on investment property due to less repairs required than expected as well as slightly higher than anticipated Interest on Revenue Balances as a result of increased average cash balances.

Non-Specific Grant Income (Increased Grant Income £82,000)

Reflects the net overspend on other budget heads, as detailed above. Any net overspends require to be funded by applying unused revenue grants carried forward from previous years.

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY

Other Accounting Adjustments (Underspend £13,000)

Reflects net underspends on Capital Funded from Current Revenue (CFCR) projects.

Capital Expenditure and Financing

During 2017/2018, the Board incurred capital expenditure of £596,000 on the following projects:-

	£000
Capital Expenditure:	
Vehicles	143
CCTV	159
Advanced Warning Signs	148
Other Projects	146
	<hr/> 596

Capital expenditure was funded as follows:

	£000
Capital Grant from the Scottish Government	502
CFCR	87
Capital Receipts	7
	<hr/> 596

Control of Revenue and Capital Expenditure

The control of both the revenue and capital expenditure of the Board is an on-going and substantial exercise which requires a positive contribution from staff and elected members to ensure that the Board's financial objectives are achieved and that the financial resources are fully utilised.

Pension Liability (IAS 19)

Under IAS 19 (Employee Benefits) the Board is required to include figures in its Statement of Accounts relating to the assets, liabilities, income and expenditure of the pension schemes for its employees. It has been estimated that the Board had a net pension liability of £738,000 as at 31 March 2018. The estimated net pension liability at 31 March 2017 was £2,545,000. The overall decrease was due to a decrease in the liabilities arising from changes to the financial and demographic assumptions, partly offset by an actuarial loss.

Settlement of Court Case

Tay Road Bridge Joint Board raised a Court Action in 2010 as a result of a defect identified in the inspection gantry runway beams which were replaced in the 1980s. When the original Summons was prepared, it was thought that the Board could rely upon the terms of the Contract in terms of Section 7 of the Prescription and Limitation (Scotland) Act 1973. The beams were replaced in 1989 but the defects did not become apparent until 2004. The Contract allowed for a period of 20 years for defects to be remedied once noticed (which would be 2024 in the view of our legal advice). The Summons was prepared in 2010 which would be well within the 20 year defect liability period.

As this was a complicated engineering issue, referrals had to be made to engineering experts and Junior and Senior Counsel. The case was sisted (suspended) for a period of time while both parties prepared their case. In the meantime, the case of David T Morrison & Co Ltd -v- ICL Plastics Scotland was determined in 2015 by the Supreme Court and this was deemed to change the accepted understanding of the law of prescription in Scotland. By 2016, both parties were prepared to proceed to a full hearing (Proof) but the case of Gordon Trustees -v- Campbell Paterson was issued in March 2016. The effect of that was to further change the accepted understanding of the law of prescription in Scotland and allow the Defenders pleas that they claimed that the action had been prescribed. The decision was unexpected and had it proceeded to a Proof in March 2016 as arranged the Board would have lost the case on the basis of prescription but would also have incurred further considerable expense of the Proof Hearing. It was agreed at that point that the case would be further sisted (suspended) until the Gordon case proceeded to the Supreme Court.

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY

The issues regarding the law of prescription in Scotland were considered to be so important that the Gordon case was appealed to the Supreme Court and the decision was received in late 2017. Unfortunately, the decision of the Court of Session regarding the prescription was upheld by the Supreme Court and the position on the law of prescription as outlined in the Gordon case is now agreed to be the law of Scotland.

As a result and as advised by Senior Counsel there was no realistic prospect of succeeding in the Court case and a settlement was agreed. The Board requires to pay the Defenders expenses of £210,000 which are included as expenditure in the Administration section of the Comprehensive Income and Expenditure Statement and as a creditor in the Balance Sheet.

PRINCIPAL RISKS AND UNCERTAINTIES

As part of the ongoing management of risk, senior officers conduct an annual review of strategic risk management issues which are reported to the Board. The updated Strategic Risk Register details the key risks faced by the Board and the existing controls in place. These are summarised as follows:

- Legislative changes e.g. Health and Safety, environmental, procurement. The Board maintains awareness of changes to legislation and amends policies and procedures timeously.
- Effects of changes to the economy impacting grant funding. The Board maintains financial planning, monitoring and control systems.
- Loss of structure / operational capacity through ship impact, etc. The Board has Insurance cover, has provided pier protection system at navigation spans, maintains security through CCTV and 24 hour site attendance. In addition, Dundee Port Authority has controls and procedures governing navigation of vessels on the river.
- Loss of operational capacity through loss of bridge / buildings. The Board maintains a regular inspection programme and maintenance of assets.
- Losses through poor governance. The Board continues to review and apply governance policies.
- Failure to deliver projects to time and / or cost. The Board adopts robust project management procedures.
- Lack of financial resources. The Board's submission of applications for grant income includes robust estimates as back up. There is regular monitoring and control of expenditure against agreed budgets. Reserves are reviewed and maintained at prudent levels.
- Lack of staff resources, e.g. from pandemic, industrial action, recruitment issues. The Board maintains and reviews it's Business Continuity Plans, consults with staff and trade unions on employment matters, manages staff absences, plans recruitment requirements in advance, and maintains a programme of staff training.

PERFORMANCE MANAGEMENT

Due to the limited nature of the operations at the Bridge Board there are no performance measures in place. Bridge availability statistics are collected and reported at the quarterly Board meetings and reported in the Annual Accounts (see page 6).

FUTURE DEVELOPMENTS

The Board recognises the impact of continuing financial pressures created by the current economic climate and as a consequence it continues to seek to generate efficiencies and utilise limited resources in an effective manner.

CONCLUSIONS

Sound financial management and effective risk management have enabled the Board to successfully manage its financial and operational performance during 2017/2018. However, significant risks surrounding future uncertainties continue to affect plans for the Board to effectively manage budgetary pressures.

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY

Acknowledgements

During the 2017/2018 financial year the Board's financial position has required continuous scrutiny and strict budgetary control. We would like to thank the Bridge Engineer and the Bridge staff for their assistance in controlling the Board's expenditure and income. In addition, we wish to mention our appreciation of the help and co-operation provided during the financial year by the elected members and by Roger Mennie, Clerk to the Board.

Finally, we would conclude our report by thanking all staff who contributed to the preparation of the Board's 2017/2018 Annual Accounts.

**Gregory Colgan, BAcc (Hons),
ACMA, CGMA
Treasurer
Tay Road Bridge
Joint Board
10 September 2018**

**Alan Hutchison
Bridge Manager
Tay Road Bridge
Joint Board
10 September 2018**

**Stewart Hunter
Chair
Tay Road Bridge
Joint Board
10 September 2018**

TAY ROAD BRIDGE JOINT BOARD ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Tay Road Bridge Joint Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. This is to ensure that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently, effectively, and ethically. The Joint Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

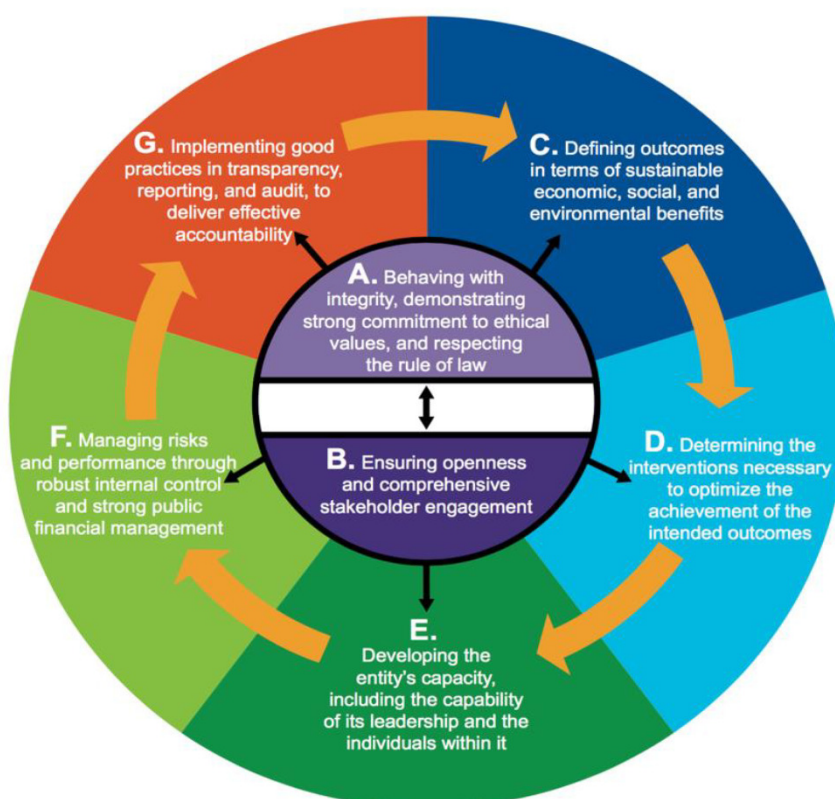
In discharging these responsibilities elected members and senior officers are responsible for implementing effective arrangements for governing the Joint Board's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

At the June 2018 Board meeting the Joint Board approved and adopted an updated Local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy / Society of Local Authority Chief Executives) framework *Delivering Good Governance in Local Government (2016)*. This statement explains how Tay Road Bridge Joint Board delivers good governance and reviews the effectiveness of these arrangements.

The Joint Board's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Joint Board is directed and controlled. It also describes the way it engages with and accounts to stakeholders. It enables the Joint Board to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework reflects the arrangements in place to meet the seven supporting principles of effective corporate governance. These are as follows:



Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

TAY ROAD BRIDGE JOINT BOARD ANNUAL GOVERNANCE STATEMENT

The overall control arrangements include:

- reporting financial and operational information regularly to Joint Board meetings;
- clearly defined Standing Orders and Schemes of Administration covering Financial Regulations, Tender Procedures and Delegation of Powers;
- approved Fraud Guidelines which include anti-fraud and corruption strategies, and "whistle-blowing" arrangements under the Public Interest Disclosure Act 1998;
- formal revenue and capital budgetary control systems and procedures; and
- the assurances provided by Internal Audit through their independent review work of the Joint Board's internal control systems.

Additionally, in order to support Chief Financial Officers in the fulfilment of their duties and to ensure that local authority organisations have access to effective financial advice of the highest level, CIPFA's *Role of the Chief Financial Officer (2016)* has introduced a "comply or explain" requirement in the Annual Accounts.

The Treasurer complies with the principles set out in CIPFA's *Role of the Chief Financial Officer (2016)*.

Review of Effectiveness

Members and officers of the Joint Board are committed to the concept of sound governance and the effective delivery of Joint Board services and take into account comments made by internal and external auditors and prepare action plans as appropriate. In addition the Joint Board has made a self-assessment of their own arrangements. This involved the completion, by the Bridge Manager, of a 94-point checklist covering the seven supporting principles defined in CIPFA/SOLACE's *Delivering Good Governance in Local Government (2016)*. This indicated a high level of compliance. The Joint Board's Internal Audit provider conforms with Public Sector Internal Audit Standards and reports to the Joint Board. Internal Audit undertakes an annual programme of work, which is reported to the Joint Board. The Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control.

In the opinion of the Joint Board's Internal Auditor, Tay Road Bridge Joint Board operates adequate and effective internal control systems and proper arrangements are in place to promote and secure Value for Money.

Continuous Improvement Agenda

The Joint Board's progress against the Continuous Improvement Agenda items for 2017/2018 are detailed in Table 1. One item is still in progress and has been carried forward to be actioned in 2018/2019. Additional areas for improvement have also been identified by Joint Board Officers and these are included on Table 2 and form the Continuous Improvement Action Plan for 2018/2019. These were identified in the self-assessment checklists that were completed as part of the Joint Board's assurance gathering process and also from Internal Audit reviews.

It is proposed that during 2018/2019 steps are taken to address the outstanding items identified in the Continuous Improvement Agenda to further enhance the Joint Board's governance arrangements.

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and the Joint Board complies with the Local Code of Corporate Governance in all significant respects.

Stewart Hunter
Chair
Tay Road Bridge Joint Board
10 September 2018

Alan Hutchison
Bridge Manager
Tay Road Bridge Joint Board
10 September 2018

ANNUAL GOVERNANCE STATEMENT

TABLE 1 - IMPROVEMENT AGENDA FOR 2017/2018

	Improvement	Principle	Code Reference	Responsible Officer	Target Completion Date	Actual Completion Date	Progress Update
1	Induction Training for new Members.	1 5	1.1; 2.4 - 2.4b	Senior Officers	31/03/2018	29/8/17 & 31/8/17	Conducted by Bridge Manager and Board Accountant.
2	Update the Standing Orders, including the Scheme of Delegation, Tender Procedures, & Financial Regulations.	1 5 6	1.1, 1.3, 1.4, 2.2 - 2.4; 2.2; 2.5.	Clerk	30/09/2017	05/03/2018	Reported to Board meeting on 5 March 2018 and included on Board Documents page on TRB website.
3	Update the Local Code of Corporate Governance to reflect updated CIPFA Guidance.	1 5 7	1.2 - 1.4; 2.4c, 3.4; 2.3.	Bridge Manager & Treasurer	30/09/2017	08/06/2017	Reported to Board meeting on 19 June 2017 and included on Board Documents page on TRB website.
4	Declaration of Interest to be added as a Standing Item on the Board's meeting agenda.	1	1.4	Clerk	30/09/2017	19/06/2017	Added to Standing Agenda Items for every Board meeting.
5	Produce an up-to-date Register of Interests for employees.	1	1.4	Bridge Manager	31/03/2018	07/03/2018	Register completed for Bridge Management involved in contract awarding.
6	Produce a Register of Members Interests specific to the Board.	1	1.4	Clerk	31/03/2018	16/02/2018	Produced using information on Constituent Council's websites.
7	Equalities and Human Rights training for all employees.	1	2.2	Bridge Manager	31/03/2018	n/a	Ongoing. Estimated completion in summer 2018. Carried forward to 2018/2019. *

* Carried forward items have been included in Table 2 with new target completion dates.

ANNUAL GOVERNANCE STATEMENT

TABLE 2 - IMPROVEMENT AGENDA FOR 2018/2019

	Improvement	Principle	Code Reference	Responsible Officer	Target Completion Date	Details
1	Equalities and Human Rights training for all employees.	1 5	2.2 2.4	Bridge Manager	31/03/2018	Carried forward from 2017/2018. In progress.
2	Training for Bridge Management to avoid unconscious bias recruitment.	1	2.1	Bridge Manager	31/12/2018	Source: Annual Governance Statement Self-Assessment Checklist.
3	Introduce Personal Harassment Policy.	1	2.3	Bridge Manager	31/03/2019	Source: Annual Governance Statement Self-Assessment Checklist.
4	Update Data Protection procedures to ensure compliance with GDPR.	1 6	3.4 4.1 & 4.2	Bridge Manager	31/12/2018	Source: Meeting with Information Governance Officer and Internal Audit review of Data Protection.
5	Review the Board's website in terms of its quality in delivering information to bridge users and implement improvements.	2 5	3.3 2.5	Bridge Manager	31/03/2019	Source: Annual Governance Statement Self-Assessment Checklist.
6	Introduce Mental Health awareness initiatives for the workforce.	5	2	Bridge Manager	31/03/2019	Source: Annual Governance Statement Self-Assessment Checklist.

TAY ROAD BRIDGE JOINT BOARD ANNUAL REMUNERATION REPORT

INTRODUCTION

The Board is required to prepare and publish within its Annual Accounts an annual Remuneration Report under the Local Authority Accounts (Scotland) Amendment Regulations 2014. The report sets out the remuneration of the Chair and Vice-Chair and Senior Employees of the Board and accrued pension benefits of the Senior Employees of the Board. The report also provides information on the number of Board employees (including Senior Employees) whose total actual remuneration was £50,000 or more, this information being disclosed in salary bandings of £5,000 above £50,000. The following report has been prepared in accordance with the aforementioned Regulations and also in accordance with other relevant guidance.

The Board's External Auditor is required to audit certain parts of the Remuneration Report and give a separate opinion in his report on the Annual Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations. All of the tables in this report are subject to audit, and the remainder of the report is subject to review.

REMUNERATION ARRANGEMENTS

Senior Board Members

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183). The Regulations set out the remuneration payable to Councillors with the responsibility of a Chair or Vice-Chair of a Joint Board. The Regulations require the remuneration to be paid by the Council of which the Chair or Vice-Chair is a member.

The Board has an arrangement with each Council which remunerates the Chair and Vice-Chair, to reimburse the Council for the additional costs of that councillor arising from them being a Chair or Vice-Chair of the Board. The disclosures made in this report are limited to the amounts paid to the Council by the Board for remuneration and does not reflect the full value of the remuneration that may be paid to the councillor.

The remuneration details for the Chair and Vice-Chair of Tay Road Bridge Joint Board are set out in Table 1.

Senior Employees

The salary of Senior Employees is set by reference to national agreements. The salaries of senior employees of the Board take into account the duties and responsibilities of their posts. The Board is responsible for agreeing the salaries of senior employees. All Board employees are entitled to participate in Dundee City Council's Contract Car Hire Scheme, subject to meeting certain criteria. The Council's Policy & Resources Committee is responsible for agreeing the terms of the Contract Car Hire Scheme.

For the purposes of the Remuneration Report, the Regulations set out the following criteria for designation as a Senior Employee of the Board:

- (i) has responsibility for management of the Board to the extent that the person has power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- (ii) 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; or
- (iii) annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The Board has determined that one employee met the criteria for designation as a Senior Employee in 2017/2018, with the employee falling into category (i) above. The remuneration details for the Senior Employees of the Board are set out in Table 2.

The Regulations also require information to be published on the total number of Board employees (including Senior Employees) whose total actual remuneration was £50,000 or more. This information is to be disclosed in salary bandings of £5,000 above £50,000 and is shown in the following table.

Remuneration Bands	No of Employees 2017/2018	No of Employees 2016/2017
£50,000 - £54,999	1	1
Total	1	1

TAY ROAD BRIDGE JOINT BOARD ANNUAL REMUNERATION REPORT

EXIT PACKAGES

There were no exit packages agreed during 2017/2018 (2016/2017: five). Details are set out in Table 4.

ACCRUED PENSION BENEFITS

Pension benefits for Local Government Employees are provided through the Local Government Pension Scheme (LGPS). A new Local Government Pension Scheme (Scotland) came into effect on 1 April 2015 based on career average related earnings (CARE Scheme).

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009, contribution rates were set at 6% for all non-manual employees. The members' contribution rates for 2017/2018 remain at the 2009/2010 rates although the pay bandings have been adjusted. The tiers and contribution rates are as follows:

Whole Time Pay	Contribution Rate 2017/2018	Whole Time Pay	Contribution Rate 2016/2017
On earnings up to and including £20,700	5.50%	up to and including £20,500	5.50%
On earnings above £20,700 and up to £25,300	7.25%	above £20,500 and up to £25,000	7.25%
On earnings above £25,300 and up to £34,700	8.50%	above £25,000 and up to £34,400	8.50%
On earnings above £34,700 and up to £46,300	9.50%	above £34,400 and up to £45,800	9.50%
On earnings above £46,300	12%	above £45,800	12%

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

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of average pensionable salary and years of pensionable service. Prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

Senior Employees

The accrued pension benefits for Senior Employees are set out in Table 3, together with the pension contributions made by the Board.

Assumptions and Contextual Information

The value of the accrued pension 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 figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

- (i) the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- (ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time. In 2017/2018, the scheme member contribution rate for Senior Employees of the Board was 7.9% of pensionable pay (2016/2017: 8.0%). In 2017/2018, the employer contribution rate was 17% of pensionable pay for Senior Employees (2016/2017: 17%).

Stewart Hunter
Chair
Tay Road Bridge Joint Board
10 September 2018

Alan Hutchison
Bridge Manager
Tay Road Bridge Joint Board
10 September 2018

TABLE 1 – REMUNERATION OF COUNCILLORS WHO ARE CHAIR AND VICE-CHAIR OF TAY ROAD BRIDGE JOINT BOARD

Councillor Name	Responsibility	Salary, Fees & Allowances	Taxable Expenses	Total Remuneration 2017/2018	Total Remuneration 2016/2017
		£	£	£	£
Stewart Hunter	Chair, Tay Road Bridge Joint Board (from 18 June 2017)	3,316	-	3,316	-
Jonny Tepp	Vice-Chair, Tay Road Bridge Joint Board (from 18 June 2017)	3,000	-	3,000	-
Margaret Taylor	Chair, Tay Road Bridge Joint Board (to 4 May 2017)	616	14	630	4,238
Jimmy Black	Vice-Chair, Tay Road Bridge Joint Board (to 4 May 2017)	290	-	290	3,170
Total		7,222	14	7,236	7,408

TABLE 2 – REMUNERATION OF SENIOR EMPLOYEES

Employee Name	Post Title	Salary, Fees & Allowances	Total Remuneration 2017/2018	Total Remuneration 2016/2017
		£	£	£
Alan Hutchison	Bridge Manager	54,045	54,045	53,510
Total		54,045	54,045	53,510

TABLE 3 – SENIOR EMPLOYEES ACCRUED PENSION BENEFITS

Employee Name	Post Title	Pension as at 31 March 2018	Pension Difference from 31 March 2017	Lump Sum as at 31 March 2018	Lump Sum Difference from 31 March 2017	Pension Contribution 2017/2018	Pension Contribution 2016/2017
		£000	£000	£000	£000	£000	£000
Alan Hutchison	Bridge Manager	12	2	8	-	9	9
Total		12	2	8	-	9	9

TABLE 4 – TERMINATION BENEFITS AND EXIT PACKAGES

There were no Voluntary Early Retirements or Voluntary Redundancy Schemes in operation during 2017/2018.

During 2016/2017, as part of a revision to the staff structure of the Operations Team, the Board approved Voluntary Early Retirement and Voluntary Redundancy schemes. The table below details the total number and cost of employee departures agreed under these schemes, split over various cost bandings. The total cost of these exit packages includes the strain on fund payable by the Board to the relevant pension scheme, employers contribution to any enhancement of service awarded (i.e. added years benefits) or redundancy payments made. These costs are included on an actuarial basis and have been calculated by the Board's appointed actuary, Barnett Waddingham (where no actuarial valuation was provided by the actuary an estimate of the capitalised cost has been made based on the required future payments to the relevant pension schemes).

Exit Package Cost Band	Total Number of exit packages by cost band		Total cost of exit packages in each cost band	
	2016/2017	2017/2018	2016/2017	2017/2018
	£000	£000	£000	£000
£20,001 - £40,000	1	-	39	-
£40,001 - £60,000	1	-	44	-
£80,001 - £100,000	1	-	87	-
£100,000 - £150,000	1	-	108	-
£150,001 - £250,000	1	-	186	-
Total	5	-	464	-

TAY ROAD BRIDGE JOINT BOARD

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Board's responsibilities

The Board 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 Board, that officer is the Treasurer;
- 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); and
- approve the Audited Annual Accounts.

I confirm that these Annual Accounts were approved for signature by the Joint Board at its meeting on 10 September 2018.

Signed on behalf of Tay Road Bridge Joint Board

Stewart Hunter

Chair

Tay Road Bridge Joint Board

10 September 2018

The Treasurer's responsibilities

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

In preparing the Annual Accounts, the Treasurer has:

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

The Treasurer has also:

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

I certify that the Annual Accounts give a true and fair view of the financial position of the Board at the reporting date and the transactions of the Board for the year ended 31 March 2018.

Gregory Colgan, BAcc (Hons), ACMA, CGMA

Treasurer

Tay Road Bridge Joint Board

10 September 2018

TAY ROAD BRIDGE JOINT BOARD EXPENDITURE AND FUNDING ANALYSIS

The objective of the Expenditure and Funding Analysis is to demonstrate how the funding available to the Board (i.e. government grants) for the year has been used in providing services in comparison with those resources consumed or earned by the Board in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Board's operational divisions. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2016/2017			2017/2018			
Net Expenditure Chargeable to General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
			Expenditure			
396	4	400	Administration	652	8	660
719	(46)	673	Operations	488	70	558
242	-	242	Plant and Equipment	224	-	224
321	29	350	Bridge Maintenance	360	48	408
-	2,364	2,364	Corporate Costs	-	1,977	1,977
1,678	2,351	4,029	Net Cost Of Services	1,724	2,103	3,827
(1,678)	(440)	(2,118)	Other Operating Income & Expenditure	(1,724)	(773)	(2,497)
-	1,911	1,911	(Surplus) or Deficit	-	1,330	1,330
1,161			Opening General Reserve Balance	1,161		
-			Less / Add Surplus or (Deficit) on General Reserve Balance in year	-		
1,161			Closing General Reserve Balance at 31 March	1,161		

TAY ROAD BRIDGE JOINT BOARD EXPENDITURE AND FUNDING ANALYSIS

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ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Reserve to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2017/2018

Adjustments from General Reserve to arrive at Comprehensive Income & Expenditure Statement Amounts	Adjustments between Funding & Accounting Basis			
	Adjustments for Capital Purposes	Net Change for the		Total Adjustments
		Pensions Adjustment	Other Differences	
	(1)	(2)	(3)	
<i>Explanatory Notes:</i>	£000	£000	£000	£000
Administration	-	8	-	8
Operations	-	70	-	70
Plant & Equipment	-	-	-	-
Bridge Maintenance	-	48	-	48
Corporate Costs	1,943	34	-	1,977
Net Cost of Services	1,943	160	-	2,103
Other Operating Income & Expenditure from the Expenditure & Funding Analysis	(844)	68	3	(773)
Difference between General Reserve Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	1,099	228	3	1,330

2016/2017

Adjustments from General Reserve to arrive at Comprehensive Income & Expenditure Statement Amounts	Adjustments between Funding & Accounting Basis			
	Adjustments for Capital Purposes	Net Change for the		Total Adjustments
		Pensions Adjustment	Other Differences	
	(1)	(2)	(3)	
<i>Explanatory Notes:</i>	£000	£000	£000	£000
Administration	-	4	-	4
Operations	-	(46)	-	(46)
Plant & Equipment	-	-	-	-
Bridge Maintenance	-	29	-	29
Corporate Costs	1,943	421	-	2,364
Net Cost of Services	1,943	408	-	2,351
Other Operating Income & Expenditure from the Expenditure & Funding Analysis	(500)	60	-	(440)
Difference between General Reserve Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	1,443	468	-	1,911

TAY ROAD BRIDGE JOINT BOARD

EXPENDITURE AND FUNDING ANALYSIS

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Explanatory Notes:

- 1) Adjustments for capital purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:
 - a) Other operating expenditure - adjustments for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - b) Financing and investment income and expenditure - the statutory charges for capital financing ie loan repayments and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - c) Taxation and non-specific grant income and expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- 2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
 - a) For services this represents the removal of the employer pension contributions made by the Board as allowed by statute and the replacement with current service costs and past service costs.
 - b) For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.
- 3) Other differences between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable /receivable to be recognised under statute:
 - a) For Financing and investment income and expenditure - the other differences column recognises adjustments to the General Reserve for the re-measurement of the revenue costs / income associated with financial instruments.
 - b) For Financing and investment income and expenditure - the other differences column recognises interest payable / receivable being reclassified as a corporate cost.

EXPENDITURE AND INCOME ANALYSED BY NATURE

The Board's expenditure and income is analysed as follows:

	2016/2017 Net Expenditure / (Income) £000	2017/2018 Net Expenditure / (Income) £000
Expenditure:		
Staff Costs	1,046	1,062
Property Costs	84	79
Supplies & Services	422	565
Transport Costs	29	25
Third Party Payments	84	119
Corporate Costs	2,364	1,977
Total Expenditure	4,029	3,827
Income:		
Fees, Charges & Other Service Income	(1)	(8)
Interest & Investment Income	36	43
Government Grants & Contributions	(2,153)	(2,532)
Total Income	(2,118)	(2,497)
(Surplus) or Deficit on Provision of Services	1,911	1,330

TAY ROAD BRIDGE JOINT BOARD

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2016/2017			2017/2018			
Gross Expenditure	Gross Income	Net Expenditure/ (Income)	Budgeted Net Expenditure (unaudited)	Gross Expenditure	Gross Income	Net Expenditure/ (Income)
£000	£000	£000	£000	£000	£000	£000
400	-	400	475	660	-	660
673	-	673	532	558	-	558
242	-	242	297	224	-	224
350	-	350	439	408	-	408
2,364	-	2,364	1,977	1,977	-	1,977
4,029	-	4,029	3,720	3,827	-	3,827
-	(1)	(1)	(8)	-	(8)	(8)
60	(24)	36	55	68	(25)	43
-	(2,153)	(2,153)	(2,450)	-	(2,532)	(2,532)
4,089	(2,178)	1,911	1,317	3,895	(2,565)	1,330
31	(9)	22	-	-	-	-
1,934	(1,471)	463	(2,035)	242	(2,277)	(2,035)
1,965	(1,480)	485	(2,035)	242	(2,277)	(2,035)
6,054	(3,658)	2,396	(718)	4,137	(4,842)	(705)

TAY ROAD BRIDGE JOINT BOARD MOVEMENT IN RESERVES STATEMENT

The Movement on Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Board, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves.' The Statement shows how the movements in year of the Board's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices. The Net Increase / (Decrease) line shows the statutory General Reserve Balance movements in the year following those adjustments.

	Revenue Reserves	Capital Reserves			
	General Fund Balance £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Board Reserves £000
Balance at 31 March 2016	(1,161)	(876)	(2,037)	(70,776)	(72,813)
<u>Movement in Reserves during 2016/2017</u>					
Total Comprehensive Expenditure and Income	1,911	-	1,911	485	2,396
Adjustments between accounting basis & funding basis under regulations (note 5)	(1,911)	(423)	(2,334)	2,334	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	-	(423)	(423)	2,819	2,396
Transfers to / (from) Earmarked Reserves	-	-	-	-	-
(Increase) / Decrease in 2016/2017	-	(423)	(423)	2,819	2,396
Balance at 31 March 2017 carried forward	(1,161)	(1,299)	(2,460)	(67,957)	(70,417)
<u>Movement in Reserves during 2017/2018</u>					
Total Comprehensive Expenditure and Income	1,330	-	1,330	(2,035)	(705)
Adjustments between accounting basis & funding basis under regulations (note 5)	(1,330)	(248)	(1,578)	1,578	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	-	(248)	(248)	(457)	(705)
Transfers to / (from) Earmarked Reserves	-	-	-	-	-
(Increase) / Decrease in Year	-	(248)	(248)	(457)	(705)
Balance at 31 March 2018 carried forward	(1,161)	(1,547)	(2,708)	(68,414)	(71,122)

TAY ROAD BRIDGE JOINT BOARD BALANCE SHEET

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

31 March 2017		Note	31 March 2018
£000			£000
70,503	Property, Plant & Equipment	20	69,156
71	Investment Property	19	71
70,574	Total Long Term Assets		69,227
57	Inventories	22	55
23	Short Term Debtors	23	29
3,512	Cash and Cash Equivalents	13	3,882
3,592	Total Current Assets		3,966
(1,204)	Short Term Creditors	24	(1,333)
(1,204)	Total Current Liabilities		(1,333)
(2,545)	Net Pension Liabilities	15	(738)
(2,545)	Total Long Term Liabilities		(738)
70,417	Net Assets		71,122
2,460	Usable reserves	9	2,708
67,957	Unusable Reserves	10	68,414
70,417	Total Reserves		71,122

Gregory Colgan, BAcc (Hons), ACMA, CGMA
Treasurer
Tay Road Bridge Joint Board

The unaudited accounts were issued on 18 June 2018 and the audited accounts were authorised for issue on 10 September 2018.

TAY ROAD BRIDGE JOINT BOARD CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Board during the reporting period. The statement shows how the Board generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Board are funded by way of grant income or from the recipients of services provided by the Board. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Board's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Board.

2016/2017		2017/2018
£000		£000
1,911	Net deficit on the provision of services	1,330
(2,013)	Adjust net surplus or deficit on the provision of services for non cash movements	(1,902)
77	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	423
(25)	Net cash flows from Operating Activities	(149)
(423)	Investing Activities (note 11)	(207)
(14)	Financing Activities (note 12)	(14)
(462)	Net (Increase) in cash and cash equivalents	(370)
3,050	Cash and cash equivalents at the beginning of the reporting period	3,512
3,512	Cash and cash equivalents at the end of the reporting period (note 13)	3,882

1 ACCOUNTING POLICIES

A General Principles

The Annual Accounts summarise the Board's transactions for the 2017/2018 financial year and its position at the year-end of 31 March 2018. The Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires that they be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018 and the Service Reporting Code of Practice 2017/2018, and International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets.

B Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Board transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Board.
- Revenue from the provision of services is recognised when the Board can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Board.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Board's employees) are recorded as expenditure when the services are received, rather than when payments are made.
- Where revenue and expenditure have 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 there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

C Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents comprise short term lending that is repayable on demand or within 3 months of the Balance Sheet date and that is readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Board's cash management.

D Changes in Accounting Policies and Estimates and Prior Period Errors

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Board's financial position or financial performance. Where a change is made and it is material to the financial statements, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. 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 Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the Board; and

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

The Board is not required to apply revenue grant receipts to fund depreciation, revaluation and impairment losses. Depreciation, revaluation and impairment losses are therefore reversed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

F Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Board. An accrual is made against relevant operating areas in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year, being the period in which the employee takes the benefit. Any accrual made is required under statute to be reversed out of the General Reserve by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Board to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Corporate Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Board can no longer withdraw the offer of those benefits or when the Board recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserve balance to be charged with the amount payable by the Board to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Board are members of a separate pension scheme being the Local Government Superannuation Scheme (Tayside Pension Fund), a defined benefits scheme which is administered by Dundee City Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Board.

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

- The liabilities of the Tayside Pension Fund attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond, iBoxx AA rated over 15 year corporate bond index.
- The assets of the Tayside Pension Fund attributable to the Board are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

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

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to relevant operating areas;
 - past service cost – the increase in liabilities arising as a result of a scheme amendment or curtailment the effect of which relates to years of service earned in earlier years – debited to the Net Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Costs; and
 - net interest on the defined benefit liability / (asset), i.e. net interest expense for the Board – the change during the period in the net defined benefit liability / (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability / (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - the return on plan assets – excluding amounts included in the net interest on the net defined benefit liability / (asset) – charged to the Actuarial (Gains) / Losses on Pensions Assets / Liabilities in Other Comprehensive Income and Expenditure; and
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not co-incided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Actuarial (Gains) / Losses on Pensions Assets / Liabilities in Other Comprehensive Income and Expenditure.
- contributions paid to the Tayside Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Reserve balance to be charged with the amount payable by the Board to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Board also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

G Events After the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events; and
- 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.

H Government Grants and Contributions

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

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

Amounts recognised as due to the Board are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant line (Non-Specific Grant Income) in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserve 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. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

I Heritage Assets

The Board's Heritage Assets are held in support of the primary objective of increasing knowledge, understanding and appreciation of the history of the Tay Road Bridge and the surrounding area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Board's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets are also presented below.

The Board's heritage assets are accounted for as follows:

Heritage Assets Not Recognised in the Balance Sheet

The Board holds heritage assets which, in light of the relaxation of measurement rules, are not recognised in the balance sheet. The Board considers that, due to the unique nature of the assets held and the lack of comparable values, the cost of obtaining valuations would be disproportionate in relation to the benefits to the users of the Board's financial statements. As a result, fair value information is unavailable and cost information is also unknown. These assets are therefore not recognised in the balance sheet, however, detailed information regarding them is held on relevant databases.

J Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First-in-First-out (FIFO) costing formula.

K Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Reserve Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Reserve Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

L 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 property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Board currently has no assets acquired under finance leases or leased to third parties on finance lease. The Board currently has no assets acquired under operating leases. Accounting policies for operating leases where the Board is a lessor are set out below.

The Board as Lessor

Operating Leases

Where the Board grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet as a non-current asset and continues to be subject to depreciation, revaluation and impairment review, in accordance with the relevant accounting policies. Rental income is credited to the appropriate service line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Any initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

M Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price; and

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Board does not capitalise borrowing costs incurred whilst assets are under construction.

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

- infrastructure and vehicles, plant & equipment – depreciated historical cost;
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value. Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains would be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service. Where decreases in value are identified, the revaluation loss is accounted for by:

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

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

Impairment

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Assets Held for Sale / Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for disposals are categorised as capital receipts. Receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Board's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Reserve in the Movement in Reserves Statement. Amounts are appropriated to the Capital Adjustment Account from the General Reserve in the Movement in Reserves Statement.

Depreciation

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

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant and equipment – straight line allocation over between 3 and 30 years.
- infrastructure – straight-line allocation up to 120 years.

Depreciable assets are not depreciated in the year of purchase, but are depreciated in the year of disposal.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

N Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, the Board may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the appropriate line in the Comprehensive Income and Expenditure Statement in the year that the Board becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant heading. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Board settles the obligation.

O Reserves

Reserves are created by appropriating amounts out of the General Reserve in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate heading in that year to count against the Net Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Reserve Balance in the Movement in Reserves Statement so that there is no net charge against grant receipts for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and these reserves do not represent usable resources for the Board. Further information on the Board's reserves is contained in notes 9 and 10.

P VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Q FAIR VALUE MEASUREMENT

The Board measures some of its non-financial assets as investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability; or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Board measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Board takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling to another market participant that would use the asset in its highest and best use.

The Board uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Board's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Board can access at the measurement date;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or
- Level 3 - unobservable inputs for the asset or liability.

The Board's investment properties are measured using the income approach, by means of a discounted cash flow method, where the expected cash flows from the properties are discounted (using a market derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Board's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The Board's investment properties are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

There were no relevant accounting standards that have been issued but are not yet adopted in the 2017/2018 Code of Practice on Local Authority Accounting in the United Kingdom.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Board has had to make certain judgements about future events. The key judgement made in the Annual Accounts relates to the high degree of uncertainty about future levels of funding for public bodies. The Board has determined that this uncertainty is not sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to reduce levels of service provision or affect the underlying assumption of the Board's Going Concern basis.

4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION

The Statement of Accounts contains estimated figures that are based on assumptions made by the Board 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.

The items in the Board's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Board will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property, plant and equipment would increase by £56,000 for every year that useful lives had to be reduced.
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £164,000. However, the assumptions interact in complex ways. During 2017/2018, the Board's actuaries advised that the net pensions assets had increased by £1,040,000 as a result of estimates being corrected as a result of experience and net pension liabilities had reduced by £995,000 attributable to updating of the assumptions.

This list does not include any assets and liabilities that are carried at fair value based on a recently observed market price.

5 MOVEMENT IN RESERVES STATEMENT - ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

	<u>Revenue Reserve</u>	<u>Capital Reserve</u>	<u>Capital Reserve</u>	<u>Capital Reserve</u>	<u>Movement in</u>	<u>Total</u>
	<u>General Fund Balance</u>	<u>Capital Receipts Reserve</u>	<u>Grants Unapplied Account</u>	<u>Unusable Reserves</u>	<u>2017/2018</u>	<u>£000</u>
2017/2018	£000	£000	£000	£000		£000
Adjustments involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Charges for depreciation and impairment of non current assets	(1,943)	-	-	1,943		-
Movements in the fair value of Investment Properties	-	-	-	-		-
Capital grants and contributions that have been applied to capital financing	750	-	-	(750)		-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Capital expenditure charged against the General Reserve	87	-	-	(87)		-
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7	(7)	-	-		-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	7	-	(7)		-
Adjustments involving the Capital Grants Unapplied Account:						
Reversal of unapplied capital grant and contributions credited to the Comprehensive Income and Expenditure Statement	-	-	(248)	248		-
Adjustments involving the Pensions Reserve:						
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 15)	(355)	-	-	355		-
Employer's pensions contributions and direct payments to pensioners payable in the year	127	-	-	(127)		-
Adjustment involving the Accumulating Compensated Absences Adjustment Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3)	-	-	3		-
Total Adjustments	(1,330)	-	(248)	1,578		-

	<u>Revenue Reserve</u>	<u>Capital Reserve</u>	<u>Capital Reserve</u>		
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000	Total 2016/2017 £000
2016/2017					
Adjustments involving the Capital Adjustment Account:					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
Charges for depreciation and impairment of non current assets	(1,943)	-	-	1,944	1
Movements in the fair value of Investment Properties	-	-	-	-	-
Capital grants and contributions that have been applied to capital financing	500	-	-	(500)	-
Adjustments involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	-
Adjustments involving the Capital Grants Unapplied Account:					
Reversal of unapplied capital grant and contributions credited to the Comprehensive Income and Expenditure Statement	-	-	(423)	423	-
Adjustments involving the Pensions Reserve:					
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 15)	(696)	-	-	695	(1)
Employer's pensions contributions and direct payments to pensioners payable in the year	228	-	-	(228)	-
Adjustment involving the Accumulating Compensated Absences Adjustment Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-	-	-	-	-
Total Adjustments	(1,911)	-	(423)	2,334	-

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

6 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - OTHER OPERATING INCOME AND EXPENDITURE

2016/2017		2017/2018
£000		£000
(1)	Fees and Charges	(1)
-	(Gains) / Losses on the disposal of non current assets	(7)
<u>(1)</u>	Total	<u>(8)</u>

7 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2016/2017		2017/2018
£000		£000
60	Net interest on the defined benefit liability (asset)	68
(15)	Interest receivable and similar income	(16)
(9)	Net Income & Expenditure on investment properties	(9)
<u>36</u>	Total	<u>43</u>

8 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - NON SPECIFIC GRANT INCOME

2016/2017		2017/2018
£000		£000
(1,653)	Non-ring fenced government grants	(1,782)
(500)	Capital grants and contributions	(750)
<u>(2,153)</u>	Total	<u>(2,532)</u>

9 BALANCE SHEET - USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and note 6.

10 BALANCE SHEET - UNUSABLE RESERVES

31 March 2017		31 March 2018
£000		£000
762	Revaluation Reserve	762
69,739	Capital Adjustment Account	68,392
(2,545)	Pensions Reserve	(738)
1	Accumulating Compensated Absences Adjustment Account	(2)
<u>67,957</u>	Total Unusable Reserves	<u>68,414</u>

Revaluation Reserve

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

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

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

TAY ROAD BRIDGE JOINT BOARD

NOTES TO THE FINANCIAL STATEMENTS

2016/2017		2017/2018
£000		£000
<u>762</u>	Balance at 1 April	<u>762</u>
-	Upward Revaluation of assets	-
-	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-
-	Accumulated gains on assets sold or scrapped	-
-	Amount written off to the Capital Adjustment Account	-
<u>762</u>	Balance at 31 March	<u>762</u>

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 and impairment losses are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Board as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Board. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 5 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2016/2017		2017/2018
£000		£000
<u>71,627</u>	Balance at 1 April	<u>69,739</u>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(1,943)	• Charges for depreciation and impairment of non current assets	(1,943)
(22)	• Revaluation losses on Property, Plant & Equipment	-
<u>(1,965)</u>	Net written out amount of the cost of non current assets consumed in the year	<u>(1,943)</u>
	Capital financing applied in the year:	
-	• Use of the Capital Receipts Reserve to finance new capital expenditure	7
77	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	502
-	• Capital expenditure charged against the General Reserve	87
<u>77</u>	Total Capital Financing Applied during the year	<u>596</u>
<u>69,739</u>	Balance at 31 March	<u>68,392</u>

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Board makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2016/2017 £000		2017/2018 £000
(1,614)	Balance at 1 April	(2,545)
(463)	Re-measurements of the net defined benefit liability / (asset)	2,035
(696)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(355)
228	Employer's pensions contributions and direct payments to pensioners payable in the year	127
(2,545)	Balance at 31 March	(738)

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Reserve Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Reserve Balance is neutralised by transfers to or from the Account.

2016/2017 £000		2017/2018 £000
1	Balance at 1 April	1
(1)	Settlement or cancellation of accrual made at the end of the preceding year	(1)
1	Amounts accrued at the end of the current year	(2)
-	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3)
1	Balance at 31 March	(2)

11 CASH FLOW STATEMENT - INVESTING ACTIVITIES

2016/2017 £000		2017/2018 £000
77	Purchase of property, plant and equipment, investment property and intangible assets	550
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7)
(500)	Other receipts from investing activities	(750)
(423)	Net cash flows from investing activities	(207)

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

12 CASH FLOW STATEMENT - FINANCING ACTIVITIES

2016/2017		2017/2018
£000		£000
(14)	Other receipts from financing activities	(14)
(14)	Net cash flows from financing activities	(14)

13 CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS

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

31 March 2017		31 March 2018
£000		£000
3,512	Bank current account	3,882
3,512	Total cash and cash equivalents	3,882

14 EXTERNAL AUDIT COSTS

The Board has incurred the following costs in relation to the audit of the Annual Accounts provided by the Board's external auditors:

	2016/2017	2017/2018
	£000	£000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	12	12
Total	12	12

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

15 DEFINED BENEFIT PENSION SCHEMES

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Board makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Board participates in two post employment schemes:

- The Local Government Pension Scheme (Tayside Pension Fund), which is administered locally by Dundee City Council and is a funded defined benefit final salary scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The Scheme currently provides benefits based on career average revalued salary and length of service on retirement.
- The Board also has liabilities for any discretionary pension payments outside the main scheme. These benefits are an unfunded defined benefit final arrangement, under which liabilities are recognised when awards are made. There are no investment assets built up to meet the pension liabilities for discretionary awards, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Tayside Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme (Scotland) regulations 2008 and the governance of the scheme is the responsibility of the Pensions Investment Sub-Committee of the Policy and Resources Committee of Dundee City Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the fund are appointed by the Sub-Committee.

The principal risks to the Board of the scheme are the life expectancy assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals of members from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the Cost of Services the amounts required by statute as described in the accounting policies note (please refer to Note 1 item F for further details).

TAY ROAD BRIDGE JOINT BOARD

NOTES TO THE FINANCIAL STATEMENTS

Transactions relating to post employment benefits

The Board recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Board is required to make against reserves is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Reserve via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Reserve Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme	
	2016/2017	2017/2018
	£000	£000
Comprehensive Income and Expenditure Statement:		
<i>Cost of Services:</i>		
• current service cost	215	253
• past service cost	421	-
• curtailment	-	34
<i>Financing and Investment Income and Expenditure</i>		
• net interest on the defined liability (asset)	57	65
• administration expenses	3	3
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	696	355
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Re-measurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding amount included in the net interest expense)	(1,471)	(560)
• Other actuarial gains / (losses) on assets	-	242
• Actuarial gains and losses arising on changes in demographic assumptions	-	(680)
• Actuarial gains and losses arising on changes in financial assumptions	1,903	(315)
• Other (if applicable)	31	(722)
Total Re-measurements	463	(2,035)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	1,159	(1,680)
Movement in Reserves Statement:		
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(696)	(355)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
• employers' contributions payable to scheme	228	127

TAY ROAD BRIDGE JOINT BOARD

NOTES TO THE FINANCIAL STATEMENTS

Pension assets and liabilities recognised in the Balance Sheet

	Local Government Pension Scheme		
	2015/2016	2016/2017	2017/2018
	£000	£000	£000
Net pension liabilities as at March:			
Present value of funded obligation	9,178	11,354	9,688
Fair value of scheme assets	(7,705)	(9,177)	(9,311)
Net liability	1,473	2,177	377
Present value of unfunded obligation	141	368	361
Net liability arising from defined benefit obligation	1,614	2,545	738

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities: Local Government Pension Scheme	
	2016/2017	2017/2018
	£000	£000
Opening balance at 1 April	9,319	11,722
Current service cost	215	253
Interest cost	322	298
Contributions by scheme participants	41	40
<i>Re-measurement (gains) and losses:</i>		
○ change in financial assumptions	1,903	(315)
○ change in demographic assumptions	-	(680)
Experience gain on defined benefit obligation	31	(722)
Benefits paid	(530)	(581)
Past service costs, including curtailments	421	34
Closing balance at 31 March	11,722	10,049

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2016/2017	2017/2018
	£000	£000
Opening balance at 1 April	7,705	9,177
Interest income on assets	265	233
Re-measurement gain: return on assets less interest	1,471	560
Other re-measurement gain	-	(242)
Administration expenses	(3)	(3)
Employer contributions	228	127
Contributions by scheme participants	41	40
Benefits paid	(530)	(581)
Closing balance at 31 March	9,177	9,311

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £793,000 (2016/2017: £1,736,000).

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The liabilities show the underlying commitments that the Board has in the long run to pay post employment (retirement) benefits. The total liability of £0.738m is reflected in the Board's Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Board remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e., before payments fall due), as assessed by the scheme actuary.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Tayside Pension Fund has been assessed by Barnett Waddingham, an independent firm of actuaries, being based on the latest full valuation of the scheme as at 31 March 2017.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2016/2017	2017/2018
Long-term expected rate of return on assets in the scheme:		
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	21.4	20.3
Women	23.5	22.2
Longevity at 65 for future pensioners (years):		
Men	23.7	22.1
Women	25.8	24.1
Rate of inflation (RPI)	3.50%	3.35%
Rate of inflation (CPI)	2.60%	2.35%
Rate of increase in salaries	3.60%	3.35%
Rate of increase in pensions	2.60%	2.35%
Rate of discounting scheme liabilities	2.60%	2.55%

The estimate of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that the life expectancy increase or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analyses have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the defined benefit obligation in the Scheme:

	Local Government Pension Scheme		
	£000	£000	£000
	+0.1%	0%	-0.1%
Adjustment to discount rate:			
o Present value of total obligation	9,885	10,049	10,215
o Projected service cost	231	236	241
Adjustment to long term salary increase:			
o Present value of total obligation	10,063	10,049	10,034
o Projected service cost	236	236	236
Adjustment to pension increases and deferred re-valuation:			
o Present value of total obligation	10,201	10,049	9,899
o Projected service cost	241	236	231
Adjustment to mortality age rating assumption:	+ 1 year	None	- 1 year
o Present value of total obligation	10,461	10,049	9,653
o Projected service cost	244	236	229

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The Board's share of Tayside Pension Fund's assets consist of the following categories, by amount and proportion of the total assets held:

	31 March 2017	31 March 2017	31 March 2018	31 March 2018
	£000	%	£000	%
Equity investments	6,608	72	6,479	70
Gilts	608	7	455	5
Other Bonds	905	10	1,059	11
Property	905	10	1,058	11
Cash	151	1	260	3
Total	9,177	100	9,311	100

Impact on the Board's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Tayside Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2020.

The Board anticipated to pay £110,000 expected contributions to the scheme in 2018/2019. The weighted average duration of the defined benefit obligation for scheme members is 17 years (2016/2017: 16 years).

16 EVENTS AFTER THE BALANCE SHEET DATE

There were no events that occurred between 1 April 2018 and 10 September 2018 that would require adjustment to the 2017/2018 financial statements. The latter date is the date on which the audited accounts were authorised for issue by the Treasurer.

17 RELATED PARTIES

The Board is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board 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 Board.

Central Government

Central government has effective control over the general operations of the Board. It is responsible for providing the statutory framework within which the Board operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Board has with other parties. There are no grant receipts outstanding at 31 March 2018 (see note 26).

Other Local Authorities

Angus, Dundee City and Fife Councils are considered to be related parties of the Board. During 2017/2018, the Board entered into a number of transactions with Dundee City Council and Fife Council, as detailed below:

2016/2017			2017/2018	
Income	Expenditure		Income	Expenditure
£000	£000		£000	£000
(15)	-	Dundee City Council:	(17)	-
-	62	Interest Receivable	-	77
-	4	Central Support Services	-	12
-	2	Grounds Maintenance	-	31
-	25	Professional Fees	-	91
(15)	93	Miscellaneous (incl. Capital Works)	(17)	211
		Total Dundee City Council		
		Fife Council:		
-	6	Grounds Maintenance	-	-
-	6	Miscellaneous	-	4
-	12	Total Fife Council	-	4

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The following balances existed between the Board and Dundee City Council and Fife Council as at 31 March 2018:

2016/2017				2017/2018	
Asset	Liability			Asset	Liability
£000	£000			£000	£000
Dundee City Council:					
-	3	Central Support Services		-	3
(15)	-	Interest Receivable		(17)	-
-	35	Miscellaneous (incl. Capital Works)		-	48
(15)	38	Total Dundee City Council		(17)	51
Fife Council:					
-	12	Miscellaneous		-	5
-	12	Total Fife Council		-	5

18 LEASES

The Board as Lessee

The Board held no assets on finance or operating lease during 2017/2018 and, accordingly, there were no lease rentals paid to lessors during the year (2016/2017: None) or commitments due to lessors in 2017/2018 (2016/2017: None).

The Board as Lessor

The Board had entered a three year agreement for the lease of land and property to a third party which ended in 2011. This arrangement has continued on a monthly basis as permitted in the lease agreement. This agreement is accounted for as an operating lease. In 2017/2018 the Board received rent of £10,213 from this agreement (2016/2017: £10,213). The present value of minimum lease payments receivable as at the Balance Sheet date are as follows:

- a) Not later than 1 year = £10,213
- b) later than 1 year and not later than 5 years = £Nil
- c) later than 5 years = £Nil.

19 INVESTMENT PROPERTY

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement:

	2016/2017	2017/2018
	£000	£000
Rental income from investment property	10	10
Direct operating expenses arising from investment property	(1)	(1)
Net gain/(loss)	9	9

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

There has been no movement in the fair value of investment properties over the year. The balance at 31 March 2018 remains £71,000.

The Board's Investment Properties are valued using the Level 3 (unobservable inputs for the asset) valuation technique / fair value hierarchy. There has been no change in the valuation technique used during the year.

TAY ROAD BRIDGE JOINT BOARD

NOTES TO THE FINANCIAL STATEMENTS

20 PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

Movements in 2017/2018:

	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Total Property, Plant & Equipment £000
Cost or Valuation				
At 1 April 2017	1,398	826	85,853	88,077
Additions	-	536	60	596
Derecognition – Disposals	-	(59)	-	(59)
Expenditure Not Adding Value	-	(28)	-	(28)
Revaluation Increases / (Decreases) recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-
At 31 March 2018	1,398	1,275	85,913	88,586
Accumulated Depreciation and Impairment				
At 1 April 2017	39	456	17,079	17,574
Depreciation charge	19	64	1,832	1,915
Depreciation written out to the Surplus / Deficit on the Provision of Services	-	-	-	-
Derecognition – Disposals	-	(59)	-	(59)
At 31 March 2018	58	461	18,911	19,430
Net Book Value:				
At 31 March 2018	1,340	814	67,002	69,156
At 31 March 2017	1,359	370	68,774	70,503

Comparative Movements in 2016/2017:

	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Total Property, Plant & Equipment £000
Cost or Valuation				
At 1 April 2016	1,429	780	85,832	88,041
Additions	-	46	31	77
Derecognition – Disposals	-	-	-	-
Expenditure Not Adding Value	-	-	(10)	(10)
Revaluation Increases / (Decreases) recognised in the Surplus / Deficit on the Provision of Services	(31)	-	-	(31)
At 31 March 2017	1,398	826	85,853	88,077
Accumulated Depreciation				
At 1 April 2016	29	395	15,225	15,649
Depreciation charge	19	61	1,854	1,934
Depreciation written out to the Surplus / Deficit on the Provision of Services	(9)	-	-	(9)
Derecognition – Disposals	-	-	-	-
At 31 March 2017	39	456	17,079	17,574
Net Book Value:				
At 31 March 2017	1,359	370	68,774	70,503
At 31 March 2016	1,400	385	70,607	72,392

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

Capital Commitments

At 31 March 2018, the Board has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2018/2019 and future years, budgeted to cost £101,000 (Similar commitments at 31 March 2017 were £342,000).

The major commitments is for
- Lift Replacement = £91,000.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. All valuations were carried out by Mr Alastair Kay BSc MRICS, Registered Valuer for Dundee City Council's City Development Department. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

21 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

	2016/2017 £000	2017/2018 £000
<i>Capital investment:</i>		
Property, Plant and Equipment	77	596
Total Capital Investment	77	596
<i>Sources of finance:</i>		
Capital receipts	-	7
Government grants and other contributions	77	502
Capital Funded from Current Revenue	-	87
Total Sources of Finance	77	596

22 INVENTORIES

	Maintenance Materials 2016/2017 £000	2017/2018 £000	Total 2016/2017 £000	2017/2018 £000
Balance outstanding at start of year	61	57	61	57
Recognised as an expense in the year	(4)	(2)	(4)	(2)
Balance outstanding at year-end	57	55	57	55

23 SHORT-TERM DEBTORS

	31 March 2017 £000	31 March 2018 £000
Local authorities	15	17
Other entities and individuals	8	12
Total	23	29

24 SHORT-TERM CREDITORS

	31 March 2017 £000	31 March 2018 £000
Central government bodies	1,112	1,043
Local authorities	50	26
Other entities and individuals	42	264
Total	1,204	1,333

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

25 GRANT INCOME

The Board credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Account in 2017/2018:

	2016/2017 £000	2017/2018 £000
Credited to Taxation and Non Specific Grant Income		
Scottish Government Revenue Grant	1,644	1,782
Heritage Lottery Funding	9	-
Scottish Government Capital Grant	500	750
Total	2,153	2,532

The Board has £1,023,000 of revenue grants, contributions and donations that have yet to be recognised as income due to them having conditions attached to them that requires the monies or property to be returned to the grant provider (2016/2017: £1,096,000). This is included in Note 24, Short-Term Creditors under central government bodies.

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 approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Tay Road Bridge Joint Board for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, 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 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the joint board as at 31 March 2018 and of its income and expenditure 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 2017/18 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 of Opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the joint board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me 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 Joint Board'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.

Responsibilities of the treasurer 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 Joint Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless deemed appropriate.

The Tay Road Bridge Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve 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 my 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 my auditor's report.

Other information in the annual accounts

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I 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 my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am 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 I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my 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 I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Annual Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Bruce Crosbie FCCA

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11 September 2018