Tayside and Central Scotland Transport Partnership

Annual Audit Report to the Members of Tayside and Central Scotland Transport Partnership and the Controller of Audit for the year ended 31 March 2019

27 September 2019
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**About this report**

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland’s *Code of Audit Practice* ("the Code"). This report is for the benefit of Tayside and Central Scotland Transport Partnership ("the Partnership") and is made available to Audit Scotland and the Controller of Audit (together "the Beneficiaries"). This report has not been designed to be of benefit to anyone except the Beneficiaries. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Beneficiaries, even though we may have been aware that others might read this report. We have prepared this report for the benefit of the Beneficiaries alone.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the introduction and responsibilities sections of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Beneficiaries) for any purpose or in any context. Any party other than the Beneficiaries that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Beneficiary’s Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Beneficiaries.

**Complaints**

If at any time you would like to discuss with us how our services can be improved or if you have a complaint about them, you are invited to contact Michael Wilkie, who is the engagement leader for our services to the Partnership, telephone 0141 300 5890, email: michael.wilkie@kpmg.co.uk who will try to resolve your complaint. If your problem is not resolved, you should contact Hugh Harvie, our Head of Audit in Scotland, either by writing to him at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG or by telephoning 0131 527 6682 or email to hugh.harvie@kpmg.co.uk. We will investigate any complaint promptly and do what we can to resolve the difficulties. After this, if you are still dissatisfied with how your complaint has been handled you can refer the matter to Fiona Kordiak, Director of Audit Services, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN.
Executive summary

Significant risks and audit focus areas

- Management override of controls fraud risk
- Retirement benefit obligations

We have concluded satisfactorily in respect of both matters.

Financial position

Tactran is not permitted to accumulate general fund reserves, and works to an annual balanced budget. Total income was £1,218,000 for 2018-19, matched to expenditure of £1,278,000. £29,000 of income received as part of annual requisitions from constituent local authorities was deferred to support the 2019-20 budget.

Tactran had £233,000 net liabilities as at 31 March 2019 arising due to the net pension liability. We concur with management’s assessment that Tactran is a going concern, as under the Transport (Scotland) Act 2005, the constituent local authorities have a legal obligation to meet all liabilities.

Wider scope focus areas

- Financial sustainability
- Governance and transparency
- Financial management
- Value for money

We note that during the year a new Partnership Director was appointed, with a three month deferred retirement period for the previous director. Through the development of the city deals, and through a conclusion of the National Transport Strategy, Tactran’s objectives and remits are expected to evolve.

Control recommendations

Current year control recommendations

1.

Prior year control recommendations - completed

2.

Conclusion

We issued an unqualified audit opinion on the annual accounts of Tayside and Central Scotland Transport Partnership (“Tactran”).
Introduction

Scope and responsibilities

Purpose of this report

The Accounts Commission has appointed KPMG LLP as auditor of Tayside and Central Scotland Transport Partnership (“the Partnership”) under part VII of the Local Government (Scotland) Act 1973 (“the Act”). The period of appointment is 2016-17 to 2021-22, inclusive.

Our annual audit report is designed to summarise our opinions and conclusions on significant issues arising from our audit. It is addressed to both those charged with governance at the Partnership and the Controller of Audit. The scope and nature of our audit are set out in our audit strategy document which was presented to the Partnership Board on 19 March 2019.

Audit Scotland’s Code of Audit Practice (“the Code”) sets out the wider dimensions of public sector audit which involves not only the audit of the financial statements but also consideration of wider scope areas.

Accountable officer responsibilities

The Code sets out the Partnership’s responsibilities in respect of:

— corporate governance;
— financial statements and related reports;
— standards of conduct for prevention and detection of fraud and error;
— financial position; and
— Best Value

Auditor responsibilities

This report reflects our overall responsibility to carry out an audit in accordance with our statutory responsibilities under the Act and in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Code. Appendix one sets out how we have met each of the responsibilities set out in the Code.

Scope

An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance.

Weaknesses or risks identified are only those which have come to our attention during our normal audit work in accordance with the Code, and may not be all that exist.

Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Under the requirements of International Standard on Auditing (UK and Ireland) (‘ISA’) 260 Communication with those charged with governance, we are required to communicate audit matters arising from the audit of financial statements to those charged with governance of an entity.

This report to those charged with governance and our presentation to the Partnership Board, together with previous reports to the Partnership Board throughout the year, discharges the requirements of ISA 260.
Financial statements and accounting

Financial position

This section of our report summarises the main features of the financial statements and key movements from the prior financial year.

Comprehensive income and expenditure

**Incoming resources**

Income for highways and transport services principally consists of Scottish Government Grant in Aid of £522,750, ‘Other Income’ of £437,000 and additional Transport Scotland funding of £50,000. Income increased in comparison with the prior year, due to additional income received for the National Travelknowhow Maintenance and promotion project and Local Rail Development Funding. Requisitions from constituent local authorities remain consistent year on year at £103,000, with Tactran utilising £105,000 of deferred income from prior year requisitions. Other Income includes an additional £233,438 grant from Sustrans and a number of other contributions towards projects included within the Regional Transport Strategy (“RTS”) programme. An amount of £29,000 not yet utilised will be carried forward to support the 2019-20 Core and RTS budget.

**Resources expended**

Expenditure increased in line with revenue. The variance in resources expended is due to expenditure relating to additional funding received during 2018-19 for Sustrans Active Travel Grants and RTS projects. There were no other significant expenditure variances in the year.

The deficit on the provision of services has remained consistent year on year. The total comprehensive income and expenditure statement was £59,000 which reflects the accounting entries in respect of changes in pension assumptions and valuation of pension assets (see page seven for more details) and accumulated absences.

### Comprehensive income and expenditure statement

<table>
<thead>
<tr>
<th></th>
<th>2018-19 £000</th>
<th>2017-18 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Incoming resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highways and transport services</td>
<td>(1,010)</td>
<td>(689)</td>
</tr>
<tr>
<td>Constituent council requisitions</td>
<td>(208)</td>
<td>(40)</td>
</tr>
<tr>
<td><strong>Total incoming resources</strong></td>
<td>(1,218)</td>
<td>(729)</td>
</tr>
<tr>
<td><strong>Resources expended</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highways and transport services</td>
<td>1,229</td>
<td>716</td>
</tr>
<tr>
<td>Corporate and democratic core</td>
<td>45</td>
<td>47</td>
</tr>
<tr>
<td>Financing and investment expenditure</td>
<td>4</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total resources expended</strong></td>
<td>1,278</td>
<td>781</td>
</tr>
<tr>
<td>Deficit on provision of services</td>
<td>60</td>
<td>52</td>
</tr>
<tr>
<td>Re-measurement of the net defined benefit liability/ (asset)</td>
<td>(1)</td>
<td>(555)</td>
</tr>
<tr>
<td><strong>Total comprehensive income and expenditure</strong></td>
<td>59</td>
<td>(503)</td>
</tr>
</tbody>
</table>

*Source: Annual accounts 2018-19*
Financial statements and accounting

Financial position (continued)

The graph presented opposite shows the sources of income and expenditure, resulting in a small deficit at year end. The Partnership received £103,000 from constituent council members, and used £105,000 deferred income from prior year. Constituent council income recognised on the comprehensive income and expenditure statement was £208,000.

Where income increased or remained the same compared to 2017-18, or costs decreased, the bars are blue.

Where income decreased compared to 2017-18, costs increased, or costs remained the same, the bars are orange.
Financial statements and accounting

Financial position (continued)

Balance Sheet

Tactran had net liabilities of £233,000 as at 31 March 2019, which arises due to the application of IAS 19 (£227,000) and the accumulated absences reserve (£6,000). Creditors of £128,000, includes £29,000 deferred income from constituent council members which will be used in 2019-20 to assist in delivering Tactran’s objectives.

<table>
<thead>
<tr>
<th></th>
<th>2018-19 £000</th>
<th>2017-18 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>108</td>
<td>40</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>14</td>
<td>145</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>(128)</td>
<td>(191)</td>
</tr>
<tr>
<td>Other long term liabilities</td>
<td>(227)</td>
<td>(168)</td>
</tr>
<tr>
<td><strong>Net liabilities</strong></td>
<td>(233)</td>
<td>(174)</td>
</tr>
<tr>
<td><strong>Financed by fund balances and unusable reserves:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pensions Reserve</td>
<td>(227)</td>
<td>(168)</td>
</tr>
<tr>
<td>Accumulated absence</td>
<td>(6)</td>
<td>(6)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(233)</td>
<td>(174)</td>
</tr>
</tbody>
</table>

Source: Annual accounts 2018-19

Debtors have increased in the year, due to the Transport Focus Survey undertaken on behalf of RTPs for contracts where Tactran is acting as principal. Cash, on the contrary, decreased due to spending of the majority of brought forward deferred income held as cash at the end of the previous year. Creditors have decreased in line with deferred income.

The pensions reserve increased as a result of changes in the actuarial assumptions covering financial and demographic forecasts, as set out on page 26.

Going concern

The Partnership had net liabilities of £233,000 (2017-18 £174,000) as at 31 March 2019. The significant movements against 2017-18 in the Balance Sheet were a decrease in cash at bank and in hand (£131,000) and short term creditors (£63,000), and an increase due to the accounting requirements of IAS19 (£59,000) and debtors (£68,000).

Management considers it appropriate to continue to adopt the going concern assumption for the preparation of the annual accounts, supported by a number of factors:

- Although the Partnership is in a net liability position, this has arisen as a result of the accounting requirements of International Accounting Standard (“IAS”) 19 Employee Benefits. These are long-term liabilities and will be met by future funding to the Tayside Pension Fund, and by returns on investments.
- Management also considers that the confirmed grant in aid and constituent member requisitions in 2019-20 to be sufficient to cover liabilities as they fall due.
- Under the Transport (Scotland) Act 2005, the constituent local authorities have a legal obligation to meet all liabilities borne by Tactran.

As the Partnership is unable to hold usable reserves, the Partnership manages under and overspends through the use of deferred income. The Partnership recognised a surplus deferred income balance in the year of £29,000 (a decrease of £105,000 from 2017-18), providing further comfort over the Partnership’s future financial sustainability.

The combined core and regional transport strategy budget for 2019-20 shows a breakeven position, with £656,974 gross expenditure, split £489,397 for Core and £167,577 for RTS. This will be funded by agreed constituent council requisitions, continued grant-in-aid funding from the Scottish Government and deferred income.

Conclusion

The Partnership had net liabilities position of £233,000 as at 31 March 2019, primarily due to an IAS 19 pension deficit.

The Partnership prepared a short term financial budget for 2019-20 which shows a breakeven position and is supported by sufficient levels of income to manage any liabilities as they fall due. We are content that the going concern assumption is appropriate for the Partnership, concurring with management’s assessment above.
Financial statements and accounting

Materiality and summary of risk areas

Materiality

We summarised our approach to materiality in our audit strategy document. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and concluded that the level of materiality set at planning remained relevant.

We used a revised materiality of £20,000 (2017-18: £15,000) for the Partnership’s annual accounts. This equates to 1.58% of 2018-19 gross expenditure. We designed our procedures to detect errors in specific accounts at a lower level of precision than our materiality set at £15,000 (2017-18: £11,250). We report all misstatements greater than £1,000.

Forming our opinions and conclusions

In gathering the evidence for the above opinions and conclusions we:

— performed substantive procedures to ensure that key risks to the annual accounts have been covered and reviewed estimates and accounting judgments made by management and considered these for appropriateness;
— considered the potential effect of fraud on the annual accounts through discussions with senior management to gain a better understanding of the work performed in relation to the prevention and detection of fraud;
— attended Partnership meetings to communicate our findings to those charged with governance, and to update our understanding of the key governance processes;
— communicated with the Partnership Director and Treasurer to ensure that all key risk areas which may be viewed to have an impact on the annual accounts had been considered; and
— reviewed key governance and organisational documents, including minutes of Board meetings, to inform our understanding of the control environment.

Financial Statements preparation

Tactran prepares accounts in line with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 (“the CIPFA Code”).

We are satisfied that the financial statements have been prepared in line with this CIPFA Code. We received the unaudited accounts and working papers in advance of the 30 June 2019 statutory deadline.

Working papers were provided as agreed at the start of the audit fieldwork on 22 July 2019, along with draft accounts and the management commentary. Audit queries were answered in a timely manner, with supporting documentation and explanations provided as required.

Significant risks and other focus areas in relation to the audit of the financial statements

We summarise below the risk of material misstatement as reported within the audit strategy document.

Significant risk:

— Management override of controls fraud risk;
— Fraud risk from income revenue recognition (rebutted); and
— Retirement benefits.

Audit focus area:

— Completeness and accuracy of expenditure; and
— Governance - future strategy and purpose.

Wider scope other focus areas:

— Financial sustainability;
— Financial management;
— Governance and transparency; and
— Value for money.

No further significant risks or other matters were identified during our audit work.
## Significant risks and focus areas

<table>
<thead>
<tr>
<th>SIGNIFICANT RISK</th>
<th>OUR RESPONSE</th>
<th>AUDIT CONCLUSION</th>
</tr>
</thead>
</table>
| **Fraud risk from management override of controls**<sup>*</sup> | — Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to the audit of Tactran.  
— We reviewed the oversight of finances by management provides additional review of potential material errors caused by management override of controls.  
— In line with our methodology, we carried out appropriate substantive procedures, including over cash book entries, accounting estimates and significant transactions that are outside the organisation's normal course of business, or are otherwise unusual. | Our work did not identify any control overrides, or matters that required adjustment in the annual accounts or which require to be brought to your attention. |
| **Fraud risk from income revenue recognition and expenditure (rebutted)** | — Tactran receives funding requisitions from Perth and Kinross Council, Stirling Council, Dundee City Council and Angus Council, with grant in aid provided by the Scottish Government. These are agreed in advance of the year. There is no estimation or judgement in recognising these income streams and we do not regard the risk of fraud to be significant. We do not consider the other sources of income to be significant.  
— There is no estimation or judgement in recognising expenditure to these bodies, and we do not regard the risk of fraud to be significant. We consider that there is not a risk of improper recognition of expenditure in respect of payroll, rent insurance and management costs. These costs are routine in nature and not at risk of manipulation. As other operating expenditure is unlikely to be material, we also rebut the assumed risk in respect of this account. | Our conclusion is that income and expenditure is appropriately stated, in line with the CIPFA Code. |
## Financial statements and accounting

### Significant risks and focus areas (continued)

<table>
<thead>
<tr>
<th>AUDIT FOCUS AREA</th>
<th>OUR RESPONSE</th>
<th>AUDIT CONCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retirement benefit obligations</strong></td>
<td>As set out in our audit strategy document, our work consisted of:</td>
<td>We are satisfied that the retirement benefit obligation:</td>
</tr>
<tr>
<td></td>
<td><strong>Control design:</strong></td>
<td>— is correctly recognised on the balance sheet as at 31 March 2019;</td>
</tr>
<tr>
<td></td>
<td>— Testing the design of controls over the provision of membership information to the actuary who uses it, together with management’s review of assumptions, to calculate the pension obligation.</td>
<td>— has been accounted for and disclosed correctly in line with International Accounting Standard (“IAS”) 19 Retirement benefits; and</td>
</tr>
<tr>
<td></td>
<td><strong>Benchmarking assumptions:</strong></td>
<td>— assumptions used in calculating this estimate and management’s judgements are appropriate and within a range which we consider to be acceptable.</td>
</tr>
<tr>
<td></td>
<td>— Challenging, with the support of our own actuarial specialists, the key assumptions applied, being: the discount rate; inflation rate; and mortality/life expectancy against externally derived data.</td>
<td>Results of testing of controls in respect of provision of information to the actuary were satisfactory.</td>
</tr>
<tr>
<td></td>
<td>— Challenging the rate of increase in pensionable salaries assumption, by comparing it to other evidence such as business plans and our understanding of Government and staff expectations.</td>
<td>The disclosures in the annual accounts are in line with the CIPFA Code’s requirements, including relevant sensitivity analysis.</td>
</tr>
<tr>
<td></td>
<td><strong>Assessing transparency:</strong></td>
<td>Guaranteed minimum pensions (‘GMP’) equalisation</td>
</tr>
<tr>
<td></td>
<td>— Considering the adequacy of the disclosures in respect of the sensitivity of the deficit to these assumptions.</td>
<td>Following a UK High Court judgement on 26 October 2018, the Government published the outcome to its Indexation and equalisation of GMP in public service pension schemes consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals’ public service pension would be extended to those individuals reaching State Pension Age (“SPA”) before 6 April 2021.</td>
</tr>
<tr>
<td></td>
<td>— Testing the assets recorded and disclosed, using our actuarial team.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>— Assessing if the disclosures within the financial statements are in accordance with the 2018-19 Code’s requirements.</td>
<td></td>
</tr>
</tbody>
</table>

Tactran accounts for its participation in the Tayside Pension Fund and in accordance with IAS 19 Retirement benefits, using information obtained in a valuation report prepared by actuarial consultants.

Actuaries use membership data and a number of assumptions in their calculations based on market conditions at the year end, including a discount rate to derive the anticipated future liabilities back to the year end date and assumptions on future salary increases.

IAS 19 requires the discount rate to be set by reference to yields on high quality (i.e. AA) corporate bonds of equivalent term to the liabilities. The calculation of the pension liability is inherently judgemental.
## Financial statements and accounting

### Significant risks and focus areas (continued)

<table>
<thead>
<tr>
<th>AUDIT FOCUS AREA</th>
<th>OUR RESPONSE</th>
<th>AUDIT CONCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retirement benefits (continued)</strong></td>
<td>We first understood client proposals and raised with management who engaged their actuary to provide updated assessment. We used our actuarial specialist to review the revised report in respect of the McCloud estimate.</td>
<td>Continued…</td>
</tr>
<tr>
<td><strong>Risks identified during the year</strong></td>
<td></td>
<td>Tactran, informed by its actuary concluded no adjustments are required in respect of the value placed on the liabilities in respect of the interim solution to 2021, and permanent solution thereafter. This was based on the assumption that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. We considered KPMG central estimates, and concluded GMP liabilities are not material.</td>
</tr>
<tr>
<td></td>
<td>Two significant court cases were concluded upon during our audit, relating to Gross Minimum pensions equalisation, and the McCloud case. Both judgements are considered by KPMG to have an impact on the pension liability due to the level of estimation and assumptions used by management and the actuary. We therefore included these areas within our significant risk.</td>
<td></td>
</tr>
</tbody>
</table>

**McCloud judgement**

On 20 December 2018 the Court of Appeal ruled that transitional arrangements offered to some public sector pension scheme members amounted to unlawful discrimination. This related to new schemes set up in 2015 which typically meant older workers could stay in the existing, more generous schemes, while younger workers had to transfer to the new schemes. In June 2019, the Supreme Court upheld the ruling, resulting in a post balance sheet event.

We requested that management, with their actuary undertake an impact assessment in respect of the McCloud judgement, as this was not initially provided. Given the timing of the court judgement, we did not consider this a misstatement of the draft annual accounts. As a result, the actuary increased the liability by £10,973, which was based on the actuary assessing that pre-2012 active members would be impacted only. Our central view is that the liability should be adjusted for all active members, which we estimate would result in a total adjustment of £20,800. The difference between the actuarial estimate, and our estimate is not material and no additional adjustments were considered necessary.
## Other focus areas

<table>
<thead>
<tr>
<th>OTHER FOCUS AREA</th>
<th>OUR RESPONSE</th>
<th>AUDIT CONCLUSION</th>
</tr>
</thead>
</table>
| Completeness and accuracy of expenditure                  | Our approach in respect of this includes:  
   - Vouching a sample of expenditure items to supporting documentation to ensure accuracy and existence of expenditure; and  
   - Reviewing a sample of the largest expenditure items post year end to ensure these were recorded in the correct period. | We have concluded that that expenditure is appropriately recognised.  
   No exceptions were identified in respect of expenditure testing and testing of high risk expenditure journals.  
   Our testing of this exercise did not identify errors in expenditure cut-off. |
| Governance - future strategy and purpose                   | Our approach in respect of this area was to:  
   - Update our findings from 2017-18 with management in respect to the potential impact of the National Transport Strategy Review and the two City Deals covering Tayside and Stirling on the strategy and purpose of the Partnership. | As the Tay and Stirling & Clackmannanshire Region City Deals develop, Tactran continues to discuss with relevant public bodies to ensure that Tactran is discharging its responsibilities with respect to transport planning for the region. In addition, the newly appointed Partnership Director worked with the Tay City Deal prior to appointment. This experience should increase Tactran’s ability to contribute to, and shape, the City Deals in support to Tactran’s statutory objectives.  
   The National Transport Strategy (“NTS”) was published by Transport Scotland on 31 July 2019.  
   The review sets out the vision for the next 20 years in terms of redefining investment priorities and putting sustainable and public transport at the heart of decision making. Scottish ministers agreed that a regional approach to transport governance should be the way forward and Tactran will incorporate this into the refresh of their Regional Transport Strategy. |
Financial statements and accounting

Audit conclusions

Audit opinion

We issued an unqualified opinion on the truth and fairness of the state of the Partnership’s affairs as at 31 March 2019, and of the deficit for the year then ended.

There are no matters identified on which we are required to report by exception.

Financial reporting framework, legislation and other reporting requirements

The Partnership is required to prepare its annual accounts in accordance with International Financial Reporting Standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 (“the CIPFA Code”), and in accordance with the Local Authority Accounts (Scotland) Regulations 2014. Our audit confirmed that the annual accounts have been prepared in accordance with the CIPFA Code and relevant legislation.

Statutory reports

We have not identified any circumstances to notify the Controller of Audit that indicate a statutory report may be required.

Other communications

We did not encounter any significant difficulties during the audit. There were no other significant matters arising from the audit that were discussed, or subject to correspondence with management that have not been included within this report. There are no other matters arising from the audit, that, in our professional judgement, are significant to the oversight of the financial reporting process.

Audit misstatements

There were no adjusted misstatements, and there are no unadjusted audit misstatements. There were minor presentational adjustments made, relating to the Remuneration report.

Written representations

Our representation letter does not include any additional representations to those that are standard as required for our audit.
**Management reporting in financial statements**

<table>
<thead>
<tr>
<th>Report</th>
<th>Summary Observations</th>
<th>Audit conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management commentary</td>
<td>The Local Authority Accounts (Scotland) Regulations 2014 require the inclusion of a management commentary within the annual accounts, similar to the Companies Act requirements for listed entity financial statements. The requirements are outlined in the Local Government finance circular 5/2015. We considered the management commentary to ensure that management’s disclosure is consistent with the annual accounts, and that management has disclosed that which is required under the Local Government finance circular 5/2015.</td>
<td>We are satisfied that the information contained within the management commentary is consistent with the annual accounts. We reviewed the contents of the management commentary against the guidance contained in the Local Government finance circular 5/2015 and are content with the proposed report.</td>
</tr>
<tr>
<td>Remuneration report</td>
<td>The remuneration report was included within the unaudited annual accounts and supporting reports and working papers were provided.</td>
<td>We are satisfied that the information contained within the remuneration report is consistent with the underlying records and the annual accounts and all required disclosures have been made in line with the 2014 regulations. Our independent auditor’s report confirms that the part of the remuneration report subject to audit has been properly prepared.</td>
</tr>
<tr>
<td>Annual governance statement</td>
<td>The statement for 2018-19 outlines the corporate governance and risk management arrangements in operation in the financial year. It provides detail on the Partnership’s governance framework, review of effectiveness, continuous improvement agenda, and analyses the efficiency and effectiveness of these elements of the framework. We consider the Annual Governance Statement to ensure that management’s disclosure is consistent with the annual accounts, and that management have disclosed that which is required under the Delivering Good Governance in Local Government Framework.</td>
<td>We consider the governance framework and annual governance statement to be appropriate for the Partnership and that it is in accordance with guidance and reflects our understanding of the Partnership.</td>
</tr>
</tbody>
</table>
Financial statements and accounting

Qualitative aspects and future developments

Accounting framework update

The CIPFA code was revised for 2018-19 to take into account IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*.

IFRS 15 introduces a five-step process for recognising revenue based on the transfer of control rather than the previous transfer of risk and reward. Given the nature of the Tactran’s income, which is typically a fee in exchange for a service and/or related only to the Partnership’s financial year, there is no material impact on the entity’s accounting for income.

IFRS 9 includes a single classification approach for financial assets which is driven by cash flow characteristics and how an instrument is managed, and a forward looking “expected loss” model for impairment. It also changes several aspects of accounting for financial instruments and debtor provisioning. Tactran does not have any borrowing, and surplus balances are held as a cash deposit with the Council. The implementation of this standard does not have a material impact on the annual accounts. In terms of amounts owed to Tactran in the form of debtors, the balance at 31 March 2019 mainly relates to amounts due from Transport Scotland, other local authorities, and other regional transport partnerships. Historically, there has been no evidence to suggest that an impairment of debtors may be required, particularly as the balances at previous year-ends mainly relate to amounts owed by other public bodies. We concluded that IFRS 9 would have an immaterial impact on the accounts.

Future accounting and audit developments

Expected from 2020-21, IFRS 16 *Leases* supersedes IAS 17 *Leases*. IFRS 16 introduces a single lessee accounting model. The Partnership Board will be more likely to account for operating leases in a similar way to the current IAS 17 treatment for finance leases. Leases which are currently accounted for as operating leases will become financial leases and will be recognised within the Partnership Board’s Balance Sheet.

Tactran leases its office, Bordeaux House, which will require consideration before 2020-21. The accounting will be material on Tactran’s accounts, but will not have an impact on the underlying resources available to Tactran.

These changes are significant and the Partnership Board should consider preparation in advance, particularly where the 2018-19 balances will form the comparatives in future accounts. We will consider the Partnership Board’s arrangements for complying with the forthcoming changes.
Wider scope and Best Value

Audit dimensions

Introduction

The Code of Audit Practice sets out four audit dimensions which, alongside Best Value in the local government sector, set a common framework for all the audit work conducted for the Controller of Audit and for the Accounts Commission: financial sustainability; financial management; governance and transparency; and value for money.

It remains the responsibility of the audited body to ensure that it has proper arrangements across each of these audit dimensions. These arrangements should be appropriate to the nature of the audited body and the services and functions that it has been created to deliver. We review and come to a conclusion on these proper arrangements.

During our work on the audit dimensions we considered the work carried out by other scrutiny bodies to ensure our work meets the proportionate and integrated principles contained within the Code of Audit Practice.

The Code of Audit Practice allows for an exemption from the requirement of a full wider scope of audit to apply to all bodies where the auditor judges that it is not appropriate due to size, nature and risks of the body. We have not undertaken a full wider scope audit, but have carried out procedures appropriate to the size and complexity of Tactran.

There are two areas of focus highlighted by Audit Scotland that we concluded were not applicable to Tactran, being Care income, financial assessments and financial guardianship and Changing landscape for public financial management.

Conclusion

In summary, we were satisfied with the arrangements in place for ensuring Best Value at Tactran. We include two recommendations to improve the transparency and efficiency of the entity, but do not consider these to be significant.

Financial Sustainability
Tactran receives grant income from the Scottish Government and requisitioned income from the constituent councils to meet its expenditure.

The risks arising from the ongoing review of the National Transport Strategy and City Deals have been sufficiently discussed and considered by the entity.

Financial management
Tactran has appropriate processes in place to manage its finances and resources which aid effective financial planning and budget setting.

Tactran has appropriate financial oversight and capacity.

Governance and transparency
We consider that Tactran has appropriate governance arrangements in place for an entity of its size and they provide a framework for effective organisational decision making.

A Partnership Director has been recruited, with a sufficient handover period with the retiring director.

Value for money
We consider that Tactran has appropriate arrangements for using resources effectively and monitoring progress against the Regional Transport Strategy (“RTS”).
Wider scope and Best Value

Audit dimensions (continued)

Financial sustainability

Tacran receives Scottish Government grant in aid and funding requisitions from Perth and Kinross Council, Dundee City Council, Stirling Council and Angus Council. The Transport (Scotland) Act 2005 provides Tacran with guarantees that liabilities faced by the Partnership will be met by the local authorities, which supports the going concern approach to the preparation of accounts is appropriate. As with many public sector bodies, Tacran faces financial challenges as a result of reduced available funding, which in turn impacts on the Partnership’s ability to progress delivery of the RTS.

The NTS was published by Transport Scotland on 31 July 2019. The review sets out the vision for the next 20 years in terms of redefining investment priorities and putting sustainable and public transport at the heart of decision making. Scottish ministers agreed that a regional approach to transport governance should be the way forward.

The collaboration work with Tay Cities has continued. Tacran was given the lead role in relation to the Regional Transport Partnership, acts as the Secretariat for the Tay Cities Regional Transport Working Group (“RTWG”) and provides logistical support for the Forth Valley RTWG. All of these developments strengthen the regional approach to transport planning and its integration with strategic planning and economic development.

These developments provide an opportunity to strengthen the regional collaboration and partnership that Tacran embodies and advocates.

Audit Scotland focus area: EU withdrawal

Tacran has considered its income streams, where all major streams are from the Scottish Government, Councils, or other public sector bodies. This income is expected to continue sufficiently to allow Tacran to achieve its statutory objectives. In respect of the workforce, Tacran has a small number of employees, and would be expected to continue.

Control environment

Tacran has a robust control environment for an organisation of its size. There is regular, detailed reporting on a quarterly basis to the Board on issues facing the Partnership.

We identified that the bank reconciliations performed by the finance team on a monthly basis are not reviewed by an independent member of management.

Recommendation one

Expected policies are established, including a code of conduct for members, risk management and financial regulations. Tacran benefits from a close relationship with Perth and Kinross Council, which supports the control environment through the provision of democratic support, legal expertise, and financial oversight as well as human resources and information technology support.

Governance and transparency

Audit Scotland focus area: Openness and transparency

Tacran embraces public transparency through its website, which provides access up-to-date financial and strategic information regarding its activities, including Board meeting minutes, annual accounts and reports.

The Partnership Board is comprised 14 members, with councillors participating from each of the constituent councils. This arrangement ensures that all councils have the ability to input and contribute to transport planning. In terms of the Partnership’s Code of Conduct, Board members are required to complete a notice of registerable interests covering the member’s financial and non-financial interests, which are also made publicly available on the website.

In the prior year, we raised a recommendation over the members of the Partnership Board completing the Notice of Registerable Interests. We have observed that management have made sufficient effort to obtain the forms, and note that 11 out of the 14 forms are complete (3 being last updated in 2017).
Wider scope and Best Value

Audit dimensions (continued)

Risk management

Risks are managed through the implementation of the risk management policy. Identified risks are recorded, assessed and tracked in the risk register. Principal risks relate to delivery of the RTS, management and operation of the Partnership, and financial risks. The Partnership Board reviews the risk register at least annually; this was completed most recently at the meeting on 19 March 2019. In line with best practice, the management commentary discloses the key risks in sufficient detail to enable a reader to sufficiently understand them.

Leadership

The former Partnership Director has retired under the flexible retirement agreement, effective 29 June 2018. A new Partnership Director took over effective 1 July 2018 (albeit with a handover period), and brings experience of the Tay Cities Deal, which Tactran is expected to contribute towards as the deal develops.

Analysis of forecast income and expenditure against agreed budget and actuals year to date is presented quarterly to the Board. The discussion over performance against budget demonstrates concern with securing value for money in the delivery of the Partnership’s activities. Review of the final position for 2018-19 to budget demonstrated minimal variances, with the exception of an increase in income due to additional grant from Sustrans and a number of other contributions towards projects included within the RTS programme. This resulted in an increase in expenditure in line with the additional funding.

Audit Scotland focus area: Key supplier dependency

All bodies are potentially exposed to the failure of a key supplier, in an operational and infrastructure context. For Tactran, the four partners are the suppliers of services, but are unlikely to cease providing these services given the bodies’ nature, purpose and role. Tactran does not rely on any key suppliers to deliver on its objectives.

Value for Money

Tactran’s focus for delivering value for money is the implementation of the RTS. The RTS monitoring framework provides assurance over the delivery of the strategy; there is annual reporting against the framework indications, and periodic reporting against strategic actions identified within the RTS.

Operationally, Tactran works with a small and efficient body of staff. As reflected in the prior year audit report, efficiency savings have been identified in the past years, with limited opportunities for further significant savings. The Partnership Board minutes and reports demonstrate an ongoing commitment to reviewing the staffing and operating model to ensure activities are delivered as efficiently as possible.

Financial management

During the course of the external audit, we confirmed that the financial management arrangements are appropriate for an organisation the size of Tactran. The arrangements in place allow Tactran to manage its finances and resources which aids effective financial planning and budget setting. The Treasurer, as section 95 officer, is responsible for ensuring proper accounting records are kept.

The budget for the Partnership is agreed in advance of the financial year by the Board, taking account of any expected changes to funding, or new activities. During budget setting, there is consultation with staff and Board members, which supports effective financial management.

Tactran operates a one year budget setting cycle, which, given the size and remit of the body, is viewed as sufficient. The budget setting cycle commences sufficiently early on in the preceding year to be viewed as reasonable.
## Appointed auditor's responsibilities

<table>
<thead>
<tr>
<th>AREA</th>
<th>APPOINTED AUDITOR’S RESPONSIBILITIES</th>
<th>HOW WE HAVE MET OUR RESPONSIBILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory duties</td>
<td>Undertake statutory duties, and comply with professional engagement and ethical standards.</td>
<td>Appendix two outlines our approach to independence.</td>
</tr>
</tbody>
</table>
| Financial statements and related reports  | Provide an opinion on audited bodies’ financial statements and, where appropriate, the regularity of transactions.  
Review and report on, as appropriate, other information such as annual governance statements, management commentaries, and remuneration report. | Page 14 summarises the opinions we provided.  
Page 15 reports on the other information contained in the financial statements, covering the annual governance statement, management commentary and remuneration report. |
| Financial statements and related reports  | Notify the Auditor General or Controller of Audit when circumstances indicate that a statutory report may be required. | Reviewed and concluded on the effectiveness and appropriateness of arrangements and systems of internal control, including risk management, internal audit, financial, operational and compliance controls. |
| Wider audit dimensions                    | Demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited bodies:  
- Effectiveness in the use of public money and assets;  
- Suitability and effectiveness of corporate governance arrangements;  
- Financial position and arrangements for securing financial sustainability;  
- Effectiveness of arrangements to achieve best value;  
- Suitability of arrangements for preparing and publishing statutory performance information. | We have set our conclusions over the audit dimensions on page 16. |
Appendix two

Auditor independence

Assessment of our objectivity and independence as auditor of Tayside and Central Scotland Transport Partnership ("the Partnership")

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP’s objectivity and independence, the threats to KPMG LLP’s independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP’s objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the entity for professional services provided by us during the reporting period.

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit of Tactran' financial statements</td>
<td>9,790</td>
<td>9,818</td>
</tr>
<tr>
<td><strong>Total audit services</strong></td>
<td>9,790</td>
<td>9,818</td>
</tr>
<tr>
<td>Non-audit services</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,790</td>
<td>9,818</td>
</tr>
</tbody>
</table>

There were no non-audit services provided during the year to 31 March 2019.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Partnership Board.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Partnership Board of the company and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP
## Required communications with the Partnership Board

<table>
<thead>
<tr>
<th>Type</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Our management representation letter</strong></td>
<td>We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2019.</td>
</tr>
<tr>
<td><strong>Adjusted audit differences</strong></td>
<td>There were no adjusted audit differences.</td>
</tr>
<tr>
<td><strong>Unadjusted audit differences</strong></td>
<td>There were no unadjusted audit differences.</td>
</tr>
<tr>
<td><strong>Related parties</strong></td>
<td>There were no significant matters that arose during the audit in connection with the entity’s related parties.</td>
</tr>
<tr>
<td><strong>Other matters warranting attention by the Audit Committee</strong></td>
<td>There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.</td>
</tr>
<tr>
<td><strong>Control deficiencies</strong></td>
<td>All control deficiencies identified are included within this report.</td>
</tr>
<tr>
<td><strong>Actual or suspected fraud, noncompliance with laws or regulations or illegal acts</strong></td>
<td>No actual or suspected fraud involving group or component management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.</td>
</tr>
<tr>
<td><strong>Significant difficulties</strong></td>
<td>No significant difficulties were encountered during the audit.</td>
</tr>
<tr>
<td><strong>Modifications to auditor’s report</strong></td>
<td>None.</td>
</tr>
<tr>
<td><strong>Disagreements with management or scope limitations</strong></td>
<td>The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.</td>
</tr>
<tr>
<td><strong>Other information</strong></td>
<td>No material inconsistencies were identified related to other information in the annual accounts, management commentary and annual governance statement. The management commentary is fair, balanced and comprehensive, and complies with the law.</td>
</tr>
<tr>
<td><strong>Breaches of independence</strong></td>
<td>No matters to report. The engagement team has complied with relevant ethical requirements regarding independence.</td>
</tr>
<tr>
<td><strong>Accounting practices</strong></td>
<td>Over the course of our audit, we have evaluated the appropriateness of Tayside and Central Scotland Transport Partnership’s accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.</td>
</tr>
<tr>
<td><strong>Key audit matters discussed or subject to correspondence with management</strong></td>
<td>The key audit matters (summarized on pages nine through 11) from the audit were discussed with management.</td>
</tr>
</tbody>
</table>
Appendix four

Action plan

The action plan summarised specific recommendations arising from our work, together with related risks and management’s responses.

We present the identified findings across four audit dimensions:

- financial sustainability
- financial management
- governance and transparency
- value for money

<table>
<thead>
<tr>
<th>Priority rating for recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grade one</strong> (significant) observations are those relating to business issues, high level or other important internal controls. These are significant matters relating to factors critical to the success of the organisation or systems under consideration. The weaknesses may therefore give rise to loss or error.</td>
</tr>
<tr>
<td><strong>Grade two</strong> (material) observations are those on less important control systems, one-off items subsequently corrected, improvements to the efficiency and effectiveness of controls and items which may be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified.</td>
</tr>
<tr>
<td><strong>Grade three</strong> (minor) observations are those recommendations to improve the efficiency and effectiveness of controls and recommendations which would assist us as auditors. The weakness does not appear to affect the availability of the control to meet their objectives in any significant way. These are less significant observations than grades one or two, but we still consider they merit attention.</td>
</tr>
</tbody>
</table>
## Appendix four

### Action plan (continued)

<table>
<thead>
<tr>
<th>Finding(s) and risk(s)</th>
<th>Recommendation</th>
<th>Agreed management actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Bank Reconciliations</strong>&lt;br&gt;&lt;i&gt;Audit dimension: financial management&lt;/i&gt;</td>
<td></td>
<td>Grade three</td>
</tr>
<tr>
<td>Bank reconciliations are performed by the Finance Team on a monthly basis, however there is no process of reviewing the bank reconciliations prepared. &lt;br&gt;There is a risk that without an appropriate bank reconciliations reviewing process, the control is not done on a timely basis, and that any errors or unreconciled items might go unnoticed.</td>
<td>We recommend that a formal reviewing process is set up to check the accuracy and consistency of the bank reconciliations produced by the team.</td>
<td><strong>Management response:</strong> Agreed. &lt;br&gt;<strong>Implementation date:</strong> September 2019 &lt;br&gt;<strong>Responsible officer:</strong> Treasurer</td>
</tr>
</tbody>
</table>
Appendix six

Prior year recommendations

We follow up prior-year audit recommendations to determine whether these have been addressed by management. The table below summarised the recommendations made during the 2016-17 final audit and their current status.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Number recommendations raised</th>
<th>Implemented</th>
<th>In progress</th>
<th>Overdue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

We have provided a summary of progress against ‘in progress’ actions below, and their current progress.

<table>
<thead>
<tr>
<th>Finding(s) and risk(s)</th>
<th>Recommendation(s)</th>
<th>Agreed management actions</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Notice of Registerable Interests</td>
<td>We recommend that members complete the Notice of Registerable Interest on an annual basis. A further reminder should be provided to all members.</td>
<td>Members will be reminded of their responsibility and personal interest in ensuring full compliance with the aspect of the Code of Conduct relating to the completion and maintenance of registerable interests.</td>
<td>Implemented</td>
</tr>
<tr>
<td></td>
<td>In the prior year, we raised a recommendation over the members of the Partnership Board completing the Notice of Registerable Interests. As set out on page 16, five members of the Partnership Board had not completed a return for 2017-18. There is a risk that Tactran’s Partnership Board cannot demonstrate full transparency, and that members are not complying with Tactran’s Code of Conduct.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>We have observed that management have made sufficient effort to obtain the forms, and note that 11 out of the 14 forms are complete (3 being last updated in 2017). Councillors should remain aware of their responsibilities under the Code of Conduct for Members of Tayside and Central Scotland Regional Transport Partnership and make reasonable effort to provide management with the appropriate disclosure. One further update was provided to us in September 2019.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Use of Cheques</td>
<td>It is recommended that management considers the use of BACS are the primary method to settle future invoices. By moving to BACS, there is an improved audit trail both within the banking system, and to Tactran’s own accounting records.</td>
<td></td>
<td>Implemented</td>
</tr>
<tr>
<td></td>
<td>During our testing over expenditure and cash, we identified a significant balance of £122,000 relating to cheques issued but not cashed. From this we determined that Tactran continues to use cheques as a primary method of settling balances with service providers. The system of internal control was found to be satisfactory, and we found no errors in the cheques issued but not cashed listing, however we note that the use of cheques is inefficient and can bring a fraud risk.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The recommendation was implemented during the year (January 2019). This was confirmed with the Chief Accountant. During our audit, we observed our recommendations were actioned appropriately.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix seven

Pension assumptions review

The overall set of assumptions proposed by the Employer can be considered to be balanced relative to our central rates for a typical UK scheme with a duration of 19 years and within our normally acceptable range.

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Entity</th>
<th>KPMG central</th>
<th>Commentary</th>
<th>Assessment vs. KPMG central</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>2.40%</td>
<td>2.38%</td>
<td>The Employer’s proposed assumption is considered to be balanced and within our normally acceptable range.</td>
<td>Balanced</td>
</tr>
<tr>
<td>Pension Increase Rate</td>
<td>2.40%</td>
<td>2.15%</td>
<td>The Employer’s proposed assumption is considered to be cautious but within our normally acceptable range.</td>
<td></td>
</tr>
<tr>
<td>Salary increases</td>
<td>CPI plus 1.2%</td>
<td>In line with long-term remuneration policy</td>
<td>The salary inflation assumption is within our acceptable range and is in line with management’s expectations of salary inflation.</td>
<td></td>
</tr>
<tr>
<td>Life expectancy at retirement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males currently aged 45 / 65</td>
<td>21.3 / 19.6</td>
<td>23.5 / 22.1</td>
<td>The life expectancies are consistent with those used in the most recent LGPS valuation and can be considered acceptable.</td>
<td></td>
</tr>
<tr>
<td>Females currently aged 45 / 65</td>
<td>23.4 / 21.6</td>
<td>25.4 / 23.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The contacts at KPMG in connection with this report are:

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michael.wilkie@kpmg.co.uk

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