

Planning Committee

2.00pm, Wednesday, 1 December 2021

SESplan Budget, Closing Accounts and Cessation

Executive/routine Wards Council Commitments	Executive All 4
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1. Recommendations

- 1.1 It is recommended that Planning Committee:
 - 1.1.1 Notes that the responsibilities for regional spatial planning have transferred from the SESplan Joint Committee to the City Region Deal Elected Member Oversight Committee;
 - 1.1.2 Agrees that there be no further meetings of the SESplan Joint Committee and that its Constitution be amended, removing the requirement to meet twice annually;
 - 1.1.3 Agrees the SESplan final accounts and return of the remaining balances to the six SESplan Local Authorities;
 - 1.1.4 Agrees that the remaining SESplan funding balance be used to support regional spatial strategy work by the appointment of a planning officer, on a part time basis for a fixed period, as a strategic planning resource within the City Region Deal Programme Management Office (PMO); and
 - 1.1.5 Notes that the SESplan Project Board (officer working group) shall be renamed the Strategic Planning Advisory Group, with its Chair becoming a member of the City Region Deal Directors Group.

Paul Lawrence

Executive Director of Place

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Report

SESplan Budget, Closing Accounts and Cessation

2. Executive Summary

- 2.1 This report seeks ratification of the SESplan Joint Committee decisions from its meeting of 4 October 2021, relating to the finalisation of its budget and formal cessation of meetings of the Committee. The report also updates Committee on the new arrangements for spatial planning in Edinburgh and the South East of Scotland as previously considered by the Committee at its meetings of [2 October 2019](#) and [26 February 2020](#).
- 2.2 The SESplan Joint Committee considered two reports at its meeting on 4 October relating to:
 - 2.2.1 The transfer of regional spatial planning responsibilities and cessation of SESplan, and
 - 2.2.2 Final accounts, audit report and closing financial statement.
- 2.3 The reports are attached as Appendix 1 and set out the background to the changing arrangements for spatial planning in the South East of Scotland as a consequence of the legislative change being introduced by the Planning (Scotland) Act 2019. The recommendations of both reports were agreed unanimously.
- 2.4 This report is brought to Committee to note the changes and ratify those decisions.

3. Background

- 3.1 SESplan is the Strategic Development Planning Authority for South East Scotland, a partnership of the six member authorities of Edinburgh, East Lothian, Midlothian, Fife, Scottish Borders and West Lothian.
- 3.2 SESplan operates through the SESplan Board, Joint Committee and a virtual team across the constituent authorities, working together on strategic development planning matters with a requirement to prepare and maintain an up to date Strategic Development Plan (SDP) for the South East Scotland area. The purpose of the SDP is to set out a vision for the long term development of the city region and deal with cross boundary issues such as housing and transport.
- 3.3 The Planning Scotland Act 2019 removes the requirement to prepare strategic development plans and requires the preparation of Regional Spatial Strategies.

However, SESplan remains a legal entity until National Planning Framework 4 (NPF4) comes into force.

4. Main report

- 4.1 The Joint Committee report (Appendix 1) outlines the series of transitional arrangements that have been put in place to manage spatial planning for the south east of Scotland moving forward. This has involved integrating spatial planning into the Edinburgh & South East Scotland City Region Deal (ESESCRD) governance framework. An Elected Member Oversight Committee (EMOC) under the City Deal Joint Committee has been formed that has oversight and scrutiny of the Regional Prosperity Framework, the Regional Spatial Strategy and the work of the SESplan Project Board (now retitled as the Spatial Planning Advisory Group). It is proposed that the chair of this group will now sit on the Directors Group of the City Region Deal.
- 4.2 In view of these changes, the SESplan Joint Committee agreed that there was no longer any practicable reason or statutory imperative for it to continue to meet. As the constitution of SESplan requires that the Joint Committee meet at least twice a year, it was agreed that this should be formally amended to remove the requirement to meet. This decision now needs ratification by each of the member authorities.
- 4.3 The Joint Committee also agreed to finalise its accounts and return the remaining budget to each of the member authorities with the proviso that a total of £66,000 (£11,000 for each authority) is utilised for the creation of a part time post to provide a strategic planning capability within the City Region Deal Programme Management Office (PMO). This acknowledges that there remains a requirement for a significant amount of strategic planning input into national, regional and local economic development and planning policy development and implementation.

5. Next Steps

- 5.1 Subject to Committee ratification, and ratification by all of the member local authorities, the necessary steps will be taken in terms of financial, administrative and recruitment matters.

6. Financial impact

- 6.1 The changes to strategic planning arrangements will have a neutral financial impact due to the use of existing SESplan funds.

7. Stakeholder/Community Impact

- 7.1 The report has not been the subject of consultation.

- 7.2 This report has no relevance to equality, no impact on the economy and no impact on the environment. No integrated impact assessment is required.

8. Background reading/external references

- 8.4 [SESplan Scheme of Delegation](#)

9 Appendices

- 9.1 Appendix 1 – SESplan Joint Committee Papers meeting of 4 October 2021.

BUSINESS		FOR
1.	Apologies for Absence and Substitutions	-
2.	Order of Business and Any Urgent Matters	-
3.	Declarations of Interest	-
4.	Minutes of the SESplan Joint Committee 28th June 2021	DECISION
5.	Matters Arising	-
6.	Transfer of Regional Spatial Planning Responsibilities and Cessation of SESplan	DECISION
7.	Final Accounts, Audit Report and Closing Financial Statement	DECISION
8.	AOCB	-
9.	Close	-

NOTE:– Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the Meeting.

Membership of Committee

City of Edinburgh Council – Cllr M Child and Cllr N Gardiner

East Lothian Council – Cllr J Goodfellow and Cllr N Hampshire (Vice Convener)

Fife Council – Cllr J Beare and Cllr A Craik

Midlothian Council – Cllr R Imrie (Convener) and Cllr P Smaill

Scottish Borders Council – Cllr S Bell and Cllr S Mountford

West Lothian Council – Cllr D McGuire and Cllr C Muldoon

Please direct any enquiries to Mike Broadway, Clerk to the SESplan Joint Committee,

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MINUTE of MEETING of the SESplan JOINT COMMITTEE

held via Microsoft Teams

on Monday, 28 June 2021 at 2.00 p.m.

Present: Councillor Russell Imrie, Midlothian Council (Convener)
Councillor Norman Hampshire, East Lothian Council (Vice Convener)
Councillor Maureen Child, City of Edinburgh Council
Councillor Neil Gardiner, City of Edinburgh Council
Councillor Jim Goodfellow, East Lothian Council
Councillor Altany Craik, Fife Council
Councillor Peter Smaill, Midlothian Council
Councillor Stuart Bell, Scottish Borders Council
Councillor Simon Mountford, Scottish Borders Council

Apologies: Councillor John Beare, Fife Council
Councillor Cathy Muldoon, West Lothian Council
Councillor Dom McGuire, West Lothian Council

In Attendance: Peter Arnsdorf, Midlothian Council
Robin Edgar, East Lothian Council
Iain McFarlane, City of Edinburgh Council
Pam Ewen, Fife Council
Ian Aikman, Scottish Borders Council
Craig McCorriston, West Lothian Council
Alison Clyne, Audit Scotland
Zoe Headridge, Audit Scotland
Mike Broadway, Midlothian Council (Clerk)
Janet Ritchie, Midlothian Council

1. ORDER OF BUSINESS AND ANY URGENT MATTERS

The Convener confirmed that he was not aware of any urgent business and that the order of business was as per the agenda.

2. DECLARATIONS OF INTEREST

None.

3. **MINUTES OF THE PREVIOUS MEETING HELD ON 29th OCTOBER, 2020**

The minute of meeting of 29th October 2020 had been circulated.

DECISION

The Committee APPROVED the minute as a correct record.

4. **MATTERS ARISING**

With reference to Item No 5 - Audited Accounts 2019/20 and 2019/2020 Annual Audit Report of the minutes, it was NOTED that a briefing note providing a breakdown of the current audit fee had been provided to Members by the Auditors.

5. **UNAUDITED ACCOUNTS 2020/21 AND ANNUAL AUDIT PLAN 2020/21**

There had been circulated a report by Robin Edgar, East Lothian Council presenting the SESplan Unaudited Accounts 2020/2021 and the Annual Audit Plan 2020/2021 for the Joint Committee's consideration and approval.

Having heard from both Robin Edgar and Alison Clyne, who responded to Members questions and comment, the Joint Committee in considered the Unaudited Accounts 2020/21 and the Annual Audit Plan 2020/2021, discussed, in view of the changing legislative position as a result of the new Planning Act, the future role of the Joint Committee and also the likely impact that the Edinburgh and South East Scotland City Region Deal would have on the future working arrangement and how these changes would be supported and financed, given the financial pressures currently being experienced by local government. It was suggested that these and other related issues would be best addressed by way of a further report from Officers.

DECISION

After further discussion, the Joint Committee AGREED –

1. to APPROVE the Unaudited Accounts 2020/2021 attached as Appendix 1 to the report; and
2. to APPROVE the Annual Audit Plan 2020/21, attached as Appendix 2 to the report
3. to SEEK a further report detailing the future working and governance arrangements.

6. **AOCB**

None.

The meeting concluded at 2.20 p.m.

ITEM 6 – TRANSFER OF REGIONAL SPATIAL PLANNING RESPONSIBILITIES AND CESSATION OF SESPLAN

Report by: Peter Arnsdorf, Planning, Sustainable Growth and Investment Manager, Midlothian Council

Purpose of the Report

The purpose of this report is to:

- Update the SESplan Joint Committee on the proposals for the delivery of the strategic planning functions and responsibilities in the city region area;
- to set out how that integration is expected to provide support to the City Region Deal Board, Executive, Elected Member Oversight Committee and the City Region Deal Joint Committee; and
- To bring SESplan to cessation.

Recommendations

It is recommended that the SESplan Joint Committee:

- (a) Note that, following agreement by each of the partner authorities, Regional Spatial Planning responsibilities have transferred from the SESplan Joint Committee to the City Deal Elected Member Oversight Committee;
- (b) Agree that there shall be no further meetings of the SESplan Joint Committee;
- (c) Agree that each member authority report to its Council with a recommendation to amend the constitution removing the requirement for the SESplan Joint Committee to meet twice annually;
- (d) Note that notwithstanding the removal of the need for Strategic Development Planning Authorities there remains a requirement for a significant amount of strategic planning input into national, regional

and local economic development and planning policy development and implementation and therefore agree that to support this work SESplan should recommend to each partner authority that part of the remaining SESplan funding balance should be used to appoint a planning officer, on a part-time, time limited basis, to provide a strategic planning capability within the City Region Deal Programme Management Office (PMO); and

- (e) Note that the existing SESplan Project Board should be renamed the Strategic Planning Advisory Group [or similar] with the chair of that group becoming a member of the City Region Deal Directors Group.

Resource Implications

SESplan currently has no permanent staff. The remaining responsibilities of the organisation are carried out by a part-time secondment from East Lothian Council with the SESplan Board overseeing responsibilities. The Board comprises the Chief Planning Officer from each of the six SESplan member authorities. The Board is chaired on a rotational basis and the responsibility currently sits with Midlothian Council until 31 December 2021 (thereafter it will pass to East Lothian Council).

Other members of staff from each of the six member authorities support the seconded staff and the Board but recent experience has suggested that this arrangement is becoming ineffective.

An outstanding balance remains in the SESplan account and there is no identified need for this funding. As a consequence, it is important to provide clarity on the use of this funding with an expectation that it is returned to the parent authorities in this financial year – this is addressed in the audit/budget report also on the Committee agenda.

Given this position, together with likely on-going needs for a strategic planning input in the short to medium term, as set out in this report, it is recommended that £66,000, £11,000 per authority (in the audit/budget report also on the Committee agenda) of this residual funding is used to employ a part time planning officer to provide a strategic planning capability in the City Region Deal Programme Management Office (PMO). This funding would allow the appointment of a Strategic Planner, on a part time basis, for approximately three years which should be sufficient time to complete all of the likely tasks identified.

The need for the post beyond the three year period could be reviewed at the time but recognising that any extension would have to be funded at that stage. The post will be incorporated within the PMO structure and will report to the Programme Manager.

Subject to agreement a job description for the post would have to be established and the post graded by the employing authority (City of Edinburgh Council). The main responsibilities of the post are suggested as follows:

- To act as lead officer and advisor on strategic planning and related matters to the Elected Member Oversight Committee (EMOC) and City Region Deal Joint Committee.
- To act as expert advisor to the Strategic Planning Advisory Group, City Region Deal Programme Management Office, City Region Deal Directors, City Region Deal Executive on strategic planning and related matters.
- To ensure that the strategic planning implications arising from the City Region Deal's aspirations for economic prosperity in the region are effectively represented in responses to consultations on national policy development.
- To advocate for appropriate and effective strategic planning policy including during the implementation of that policy.
- To liaise with the six local authorities and other City Region Deal partners impacted by planning policy to ensure, as far as is possible, alignment of strategic planning inputs to consultations from all partners.
- To liaise with the six local authorities to ensure, as far as is possible, that emerging local development plans reflect the City Region Deal's economic prosperity framework.
- To ensure that the development of the spatial strategy for the city region area aligns with other policy development including economic development, transportation, housing.
- To effectively manage the data assets of SESplan to ensure that they remain available as public records to for use in future policy development.
- If necessary (see the section on winding-up of SESplan) acting as Strategic Development Plan Manager until that legislative requirement is removed.

It is proposed (in the audit/budget report also on the Committee agenda) that the balance of the remaining SESplan funding is refunded to constituent authorities on a pro-rata basis this financial year. It should be noted that it is unlikely that any of the residual funding could be transferred to the City Region Deal without the express consent of each of the six member authorities as that funding was secured for a specific purpose.

Legal and Risk Implications

The legal implications of this report have been scrutinised by Scottish Borders Council's Chief Legal Officer.

Policy and Impact Assessment

No separate impact assessment is required.

1. Background

- 1.1 The setting up of Strategic Development Planning Authorities (SDPAs) was a requirement established in the Planning etc (Scotland) Act 2006. The principal requirement of SDPAs was to prepare a Strategic Development Plan for their geographical area. The 2006 Act was not prescriptive about arrangement to be put in place requiring only that a decision making body be established and manager appointed.
- 1.2 In response to this requirement SESplan was established and a manager appointed. In addition to the manager a small team of planning professionals was appointed to progress preparation of the first Strategic Development Plan (SDP) covering the geographical areas of City of Edinburgh, East Lothian, Midlothian, Scottish Borders, West Lothian and the southern part of the Fife Council (the six SESplan member authorities). The first SDP was adopted on 27 June 2013.
- 1.3 A replacement SDP was subsequently prepared and presented for approval to the Scottish Ministers in June 2017. However, Ministers declined to allow the adoption of the plan. Given the impending removal of the need for SDPs it was decided not to amend the submitted SDP and to focus attention on the forth coming review of the National Planning Framework which, in future, will incorporate the strategic planning policy framework previously provided by SDPs and Scottish Planning Policy.

- 1.4 The Planning (Scotland) Act 2019 now removes the need for the preparation of Strategic Development Plans for Scotland's city regions with strategic planning matters now being set out in the National Planning Framework.
- 1.5 In response to this changing legislative requirement the six constituent local authorities in the Edinburgh City Region agreed in September 2019 that strategic planning roles and responsibilities should be amalgamated within the framework of the Edinburgh and South East Scotland City Region Deal.
- 1.6 While each of the six partner authorities agreed to this approach going forward there was some concern about the 'watering down' of the strategic planning function. Given these discussions it was agreed that a sub-committee' sitting under the Edinburgh and South East Scotland City Region Deal Joint Committee (ESESCRDJC) should be established to consider strategic planning matters in the context of the City Region Deal.
- 1.7 The original Standing Orders and Minute of Agreement for ESESCRDJC, as agreed in November 2018, did not include a specific reference to strategic planning matters. Therefore, an amendment to the Minute of Agreement was required. The Supplementary Minute of Agreement was agreed by ESESCRDJC on 4 September 2020 and subsequently signed by all six authorities. This allowed the Elected Member Oversight Committee (EMOC) to be established. The first meeting of the Oversight Committee was held 15 January 2020.
- 1.8 There is no provision within the Planning Acts that specifies a role for SESplan in the production or approval of Regional Spatial Strategies (RSS). Whilst the SESplan Joint Committee considered and approved the Indicative RSS at its meeting on 21 September 2020, this was as a consequence of the EMOC not having been formed at that time and the limited timescale for a response to be submitted to Scottish Government. With the establishment of the EMOC, there is no longer a role for the SESplan Joint Committee in spatial planning matters or in commenting on or approving responses to Government consultations. Matters such as responding to consultations on the calculation of housing targets or the draft National Planning Framework 4 (expected in Autumn 2021) will now fall to the EMOC and individual Planning Authorities.

- 1.9 In the circumstances, the fundamental reason for holding meetings of the SESplan Joint Committee no longer exists.
- 1.10 The detail of how the strategic planning function will be incorporated within the City Region is set out below and has been approved by the Edinburgh and South East Scotland City Region Executive Board at its meeting in 19 August 2021.

2. Provision of the Strategic Planning Function

- 2.1 The provisions of Planning (Scotland) Act 2019 which, *inter alia*, removes the requirement for SDPAs have not yet been fully enacted. As a consequence, at this point in time, there remains a requirement for SDPAs to have a manager in place. Notwithstanding, there has been no permanent SESplan Manager appointed for a number of years, but a manager has been appointed on a seconded basis from the six SESplan member authorities in order to fulfil this statutory requirement.
- 2.2 It should also be noted that SESplan has no permanent staff with all remaining strategic planning functions being performed by officers from the six local authorities operating as the SESplan Operational Group. The SESplan Operational Group reports to the SESplan Board which comprising chief planning officers from the constituent Councils. This lack of staff is a consideration in framing responses to the interface between SESplan and the City Region Deal.
- 2.3 Despite the removal of the requirement for SDPAs and the transfer of the strategic planning component of the development plan from SDPs to the National Planning Framework, it is clear that there will continue to be a significant requirement for the SESplan authorities, and related partnerships including the City Region Deal Partnership, to protect the regions interests in the development of national planning policy through the National Planning Framework and related processes. For example, the NPF will be informed by a spatial strategy which 'regional' authorities are expected to prepare. Similarly, it will be vitally important to ensure that there is a strategic planning input to the forthcoming consultation on the National Planning Framework to ensure that the emerging national planning policies reflect the aspirations of the City Region Deal, the associated local authorities and other partners including the business and further education sectors. There will also be a strategic planning element in ensuring that the land use implications of the Regional Growth Framework are

facilitated by the National Planning Framework and that there continues to be a regional planning overview of the forthcoming housing targets to ensure that these requirements are linked to delivery of infrastructure on a regional basis.

- 2.4 These matters, and any others which arise, are unlikely to be delivered effectively without an element of strategic planning capability at the City Region Deal level. This is likely to be increasingly important as current arrangements are proving increasingly unreliable as a result of on-going resources pressure in each of the authorities. These pressures are likely to become more acute in 2022 as most authorities will be gearing up to progress their replacement local development plans.

3. Integration within the City Region Deal Governance Framework

- 3.1 The City Region deal will, no doubt, wish to establish its own position on strategic planning matters and arrangements are in place through the Elected Member Oversight Committee for it to do so (the governance arrangements were reported to the SESplan Joint Committee at its meeting of 30 September 2019). However, given that the City Region Deal decision making arrangements cannot impose policy decisions on individual constituent Councils there will be an ongoing need for dialogue with constituent Councils to ensure that positions are aligned as far as possible. This requirement is reflected in the job framework set out above.
- 3.2 The existing SESPlan Board has sought to achieve this balance between this regional and local policy context and has been successful in doing so with individual Council positions being aligned with regional objectives through the lifetime of SESplan. These arrangements now need to be transferred and incorporated within the City Region Deal Governance structure.
- 3.3 To do this it is proposed that the six member authorities be invited to support the continuation of the SESplan Board arrangements but with that group being renamed to the Strategic Planning Advisory Group with the chair of the group joining the City Region Deal Executive board to advise, in conjunction with the appointed strategic planner, on Strategic Planning Matters from a local City Regional Deal perspective. The chair will also provide support to the PMO including where necessary providing advice on the work priorities of the strategic planner.

4. Formal arrangements for Winding-up SESplan

- 4.1 Discussions about the legal status of SESplan and the need for it to have a decision making framework in place have been discussed with SESplan's legal advisors, Scottish Borders Council. The advice is as follows:
- 4.2 SESplan remains a legal entity until National Planning Framework 4 comes into force and the provisions of the Planning etc (Scotland) Act 2006, insofar as they relate to strategic development planning, remain in force. However, the legal advisors identify that there is no longer any decision making function for the committee to perform (for the reasons set out elsewhere in this report) and therefore no need for the committee to exist. There are, however, two caveats.
- The committee will have to agree a final account, including disbursement of the remaining money (in the audit/budget report also on the Committee agenda).
 - The committee's own constitution which requires it to meet twice a year will have to be extinguished. It is open to the Joint Committee to change its constitution. This would require each local authority to take a report to its Council seeking agreement that these requirements are removed.
- 4.3 Addressing these two issues should allow the Joint Committee to be disbanded thereby removing any lingering concerns about the link and responsibility split between EMOC and SESplan.
- 4.4 For the avoidance of doubt, appointment of a plan manager will remain a legislative requirement in the short term (this requirement is expected to be removed when the secondary legislation regarding the cessation of strategic planning authorities comes into effect). This could be addressed by the continuation of current arrangement (but removing the reference to SESplan in any job titles or signatures – this responsibility currently sits with East Lothian). This position will be reviewed by officers once the secondary legislation has been published.
- 4.5 The remaining SESplan issues are addressed in this report and the audit/budget report elsewhere on the Committee agenda.

- 4.6 The only issue remaining thereafter would be the transfer of a share of the residual funding to the City Region Deal PMO which will need agreement by each of the six member authorities.
- 4.7 In the circumstances, there is no statutory imperative for the SESplan Joint Committee to continue to meet.

5. Conclusion

- 5.1 The changes being introduced by the Planning Act 2019 and the new governance arrangement for spatial planning within the region, mean that there is no legal or practicable reason for the SESplan Joint Committee to meet beyond auditing the budget. However, it is proposed that the budget should be repatriated to the constituent Councils and a final set of accounts prepared. It is recommended that on this basis the Joint Committee agree that there is no longer any reason to meet. The audit/budget matters are addressed by another report on the Committee agenda.

Report Contact

Peter Arnsdorf, Planning, Sustainable Growth and Investment Manager Midlothian Council (Chair of the SESplan Board)

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ITEM 7 – FINAL ACCOUNTS, AUDIT REPORT AND CLOSING FINANCIAL STATEMENT

Report by: Robin Edgar, Acting SESplan Manager/Team Manager, East Lothian Council

Purpose

This report presents the SESplan Audited Accounts for SESplan Joint Committee consideration, present the final SESplan accounts for the financial year 2020/21 and outline proposals for the distribution of balances held by SESplan to complement the winding up of SESplan as an organisation.

Recommendations

It is recommended that the SESplan Joint Committee:

1. Agrees the SESplan Audited Accounts 2020/21, attached as Appendix 1 to this Report;
2. Notes the Report of Annual Audit 2020/21, attached as Appendix 2 to this Report;
3. Agrees to the closure of the SESplan accounts;
4. Agrees to return the remaining balances to the six SESplan Local Authorities.
5. Agrees that £66,000 (£11,000 per local authority) be transferred to the South East Scotland City Deal Joint Committee; and
6. Recommends to the six SESplan Local Authorities the ratification of points 3, 4 and 5, above.

Resource Implications

As set out below.

Legal and Risk Implications

As set out below.

Policy and Impact Assessment

No separate impact assessment is required as there is no change to policy.

1. Audited Accounts 2020/2021 and Report of Annual Audit 2020/2021

- 1.1 The Local Authority Accounts (Scotland) Regulations 2014 state that best practice is for the Unaudited Accounts to be considered at Committee prior to the 30 June or no later than the 31 August each year.
- 1.2 The Unaudited Accounts were prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-2021 and the Service Reporting Code of Practice 2020-2021. They were uploaded to the SESplan website, with copies also made available for public inspection.
- 1.3 The unaudited accounts were considered by the Convener, SESplan Board Chair and SESplan Treasurer in May 2021. A report on the Unaudited Accounts were considered by the Joint Committee at its meeting on the 28th June 2021.
- 1.4 The Accounts were audited by Audit Scotland who identified actions to be undertaken in relation to the Unaudited Accounts: publishing the public notice; and signing-off and approving the Unaudited Accounts. Audit Scotland also suggested changes to the management commentary to reflect the progression of the Regional Spatial Strategy and to address SESplan's future. These changes have been incorporated Report of Annual Audit 2020/2021 (Appendix 2 to this report).
- 1.5 The Audited Accounts require to be considered by the Joint Committee by the 30 September each year with the Local Authority Accounts (Scotland) Regulations 1985 requiring that they are laid before a meeting of the authority within two months of receipt of the documents. The deadline has been extended to 30th November due to the impact of Covid-19. It is recommended that members approve the audited accounts as shown in Appendix 1. Following approval, the accounts will be signed on the 11th October 2021 by the Convenor of the Joint Committee, SESplan Treasurer and the Acting SESplan Manager. The Audited Accounts and Report of Annual Audit for 2020/21 are included as Appendices 1 and 2 to this report and are available on the [SESplan website](#).

2. Closure of SESplan accounts and Redistribution of Remaining Balances

- 2.1 A report on this Committee agenda has already set out the reasoning and recommended the cessation of all SESplan activity. If the recommendations presented in the previous report are agreed by members then the remaining action will be to close the SESplan accounts and redistribute the remaining balances.

- 2.2 The balances held at 31st March 2021 reported to the Committee in June 2021 as part of the unaudited accounts were £111,694. The only additional payments made in 2020/21, and still due to be settled, related to IT support for SESplan website and emails, and amounted to £10,894 which leaves a remaining balance of £100,800 set out in the closing financial statement attached as Appendix 3 to this report.
- 2.3 It is recommended that this closing balance is returned to the six SESplan Local Authorities and the SESplan account closed. Although the responsibilities for regional planning have been moved into the city deal structure there will still require to be a resource to be the focus for moving work forward. Therefore, it is proposed that a planning officer is appointed for a temporary period to perform this role. It is recommended that each of the SESplan authorities pay £11,000 (£66,000 across all the authorities) to the City Deal Joint Committee to fund this post. This leaves £34,800 to be redistributed to the six SESplan authorities (£5,800 per authority).

Conclusions

- 2.4 The changes being introduced by the Planning Act 2019 and the new governance arrangement for spatial planning within the region and that there is now a system in place to ensure the continued progression of strategic planning across South East Scotland mean that there is no legal or practicable reason for the SESplan Joint Committee to meet beyond auditing the accounts. Therefore, as presented, a final set of accounts has been prepared and the remaining balances should be repatriated to the constituent SESplan Councils.

Appendices

Appendix 1: Audited Annual Accounts 2020 / 2021

Appendix 2: 2020/2021 Annual Audit Report and covering letter

Appendix 3: Closing Financial Statement

Report Contact

Robin Edgar

Acting SESplan Manager/Team Manager, East Lothian Council

SESplan

The Strategic Development Planning Authority
for Edinburgh and South East Scotland

SESplan

Annual Accounts 2020-21

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MANAGEMENT COMMENTARY

INTRODUCTION

Four strategic development planning authorities (SDPAs) were designated by Scottish Ministers under Section 4 of the Planning etc. (Scotland) Act 2006 and came into force on 25 June 2008. SESplan is the Strategic Development Planning Authority for Edinburgh and South East Scotland and covers six Council areas including City of Edinburgh, East Lothian, Midlothian, West Lothian, the Scottish Borders and the southern half of Fife. SESplan works in partnership with the six member authorities to prepare the strategic vision for the region for the next 20 years. The Strategic Development Plan is used to inform local development plans.

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

Strategic development planning authorities (SDPAs) are required by section 4(1) of the Act to prepare and review strategic development plans (SDPs), and submit these to Scottish Ministers within four years of the approval of the existing plan (section 10(8)). SESplan complied with this requirement.

On 26 June 2017 the SDP2 Proposed Plan was submitted to the Scottish Government's Directorate of Planning and Environmental Appeals (DPEA) for Examination. The Examination commenced in August 2017 and the report of Examination was published on 20 July 2018. Following consideration of the report the Minister issued his decision letter on SDP2 on 16 May 2019. The letter advised that SDP2 had been rejected. The rejection of SDP2 by the Minister results in the current SDP (SDP1) remaining the adopted strategic development plan.

Whilst Section 13(1) of the Planning Act (the Town and Country Planning (Scotland) Act 1997 (as amended)) provides for rejection of a Plan by the Minister, such occurrences in terms of SDP preparation are unprecedented.

In September 2015, an independent panel was appointed by Scottish Ministers to review the Scottish Planning System with the objective of bringing together ideas to achieve a quicker, more accessible and efficient planning system. The report of the panel "Empowering Planning to Deliver Great Places" was published 31 May 2016. Scottish Ministers published their response to the report on 11 July 2016 which included a commitment to consult on a White Paper outlining proposed reforms to the Planning System with the ambition of enabling a Planning Bill to be brought forward late in 2017. The Planning (Scotland) Bill was introduced to the Scottish Parliament on 4 December 2017. The Planning Bill progressed through three stages of scrutiny and was approved by the Scottish Parliament on 20 June 2019. The Bill received Royal Assent on 25 July 2019 and thereafter becomes the Planning (Scotland) Act 2019, hereafter referred to as the 2019 Act. The 2019 Act amends the primary planning legislation, The Town and Country Planning (Scotland) Act 1997. The 2019 Act sets out the purpose of planning "to manage the development and use of land in the long term public interest". The 2019 Act sets out the principal changes to the Planning System and has taken effect immediately. However, the Scottish Government needs to draft secondary legislation/regulations to implement the changes and to set out transitional arrangements. The Act removes the requirement to prepare strategic development plans and introduces a requirement for regional partnerships to prepare regional spatial strategies.

The SESplan core team has been disbanded in response to the Planning Act. In the interim (since January 2019) the SESplan function has been provided by officers from the six member authorities with the East Lothian Team Manager, Policy and Strategy currently acting as the SDP Manager. These management and resource arrangements will be subject to review as the Planning Act is implemented. The decision to reject SDP2 and the adoption of the Planning Act which removed the requirement to produce future SDPs brought all work on the SDP to an end during 2019-20.

The role of the SESplan Joint Committee has been integrated into the City Regional Deal Structure through the setting up of an Elected Members Oversight Committee. The final structure is being finalised through the addition of planning officer groups which would perform similar functions to the existing SESplan Board and Operational Group. Although SESplan will exist under the existing Planning Act until NPF4 (National Planning Framework) is approved, a report will be taken to the SESplan Joint Committee in the autumn of 2021 recommending that it ceases to operate as it no longer has any role to perform. If this recommendation is accepted then the 2020-21 Annual Accounts will be the last accounts produced for SESplan.

This management commentary is intended to provide a brief narrative on SESplan's financial position, as presented in these annual accounts for the financial year 2020-21.

The financial results for 2020-21 are set out in the following pages along with the accounting policies that have been adopted to ensure that the accounts present a true and fair view of the Authority's financial performance.

No remuneration report has been prepared because no persons have received remuneration in financial year 2020-21.

FINANCIAL PERFORMANCE

The Comprehensive Income and Expenditure Statement shows that there was a deficit of £18,082 during 2020-21, which reflects the resources consumed during the year against the income generated. The expenditure in the year was £18,148, and related mainly to I.T costs. This was funded from balances held and interest on these balances of £66.

During the year SESplan achieved an underspend on budget of £65,918. This was due to savings of £65,852 on supplies & services, mainly consultants fees (delays in the Scottish Ministers reaching a decision on SDP2 resulted in SESplan not commissioning further cross boundary transport modelling work or progressing other Supplementary Planning Guidance). Normally the activities of SESplan are cyclical which means that the organisation needs to use the reserve to cushion the impact of uneven cash flows although this risk is dissipated by the lack of activity on future SESplan work. The cumulative surplus for the usable reserve is carried forward to 2021-22 and would be used to support any activities of the Authority. Due to imminent winding up of SESplan the remaining budget will either be returned to the constituent authorities and possibly then transferred to the South East Scotland City Deal Joint Committee for future regional planning work. A decision on the preferred course of action will be made in 2021.

The Balance Sheet as at 31 March 2021 shows a net asset position of £111,694.

Eileen Rowand MBA, CPFA
Treasurer

Robin Edgar
Acting SDPA Manager

Councillor Russell Imrie
Convener of Joint Committee

ANNUAL GOVERNANCE STATEMENT 2020-21

GOVERNANCE ARRANGEMENTS

The designation order which formally constituted the Edinburgh and South East Scotland Strategic Development Planning Authority (SDPA known as SESplan) came into force on the 25 June 2008. Paragraph 1.1 of the SESplan Constitution sets out that: 'The following planning authorities comprise the Strategic Development Planning Authority for the Edinburgh city region: the City of Edinburgh Council, East Lothian Council, Fife Council, Midlothian Council, Scottish Borders Council and West Lothian Council.' This group of authorities has a statutory duty under Section 4 of the Planning etc. (Scotland) Act 2006 to work together, prepare and keep under review, a Strategic Development Plan (SDP) for the Edinburgh City region. The 2019 Act sets out the principal changes to the Planning System and has taken effect immediately. However, the Scottish Government needs to draft secondary legislation/regulations to implement the changes and to set out transitional arrangements. The Act removes the requirement to prepare strategic development plans and introduces a requirement for regional partnerships to prepare regional spatial strategies.

SESplan is made up of a Joint Committee comprising two Elected Members from each of the six member planning authorities, a Project Board (one Senior Manager from each member authority) and supported by an Operational Group (one Manager/Team Leader from each member authority) and a series of project teams as required, which include resources from each of the member authorities. Representatives of the key agencies also contribute to some work streams as required.

The Joint Committee meets no less than twice per year to make decisions on the content and preparation of the SDP/Regional Spatial Strategy as well as the governance and finance of SESplan. In recognition of issues arising from the COVID-19 pandemic, Joint Committee meetings are to be held, for the foreseeable future, as virtual meetings. The Committee is convened by one member authority, rotated every two calendar years. Current convener is Midlothian Council with vice convener East Lothian Council. A report on the rotation of convener for the Joint Committee was considered and approved at the November 2019 meeting.

As described in the SESplan Constitution, all major decisions will require to be ratified by each of the six member authorities. The level of delegated authority to the Joint Committee is governed by a separate Scheme of Delegation.

The Project Board is responsible for the direction and management of SESplan including the programme of work of the SDP Manager, agreeing reports for consideration by Joint Committee and ensuring that the decisions of the Joint Committee are implemented.

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

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

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

SESplan has put in place appropriate management and reporting arrangements for the management of risk and a report on risk management is considered by Joint Committee at the end of each calendar year. An update on risk management was considered by the Joint Committee at its meeting in March 2020.

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

Purpose of the governance framework

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

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

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

Fife Council is the organisation through which SESplan records all expenditure. SESplan, as a result, also adheres to the Parent Authority's Code of Conduct for Councillors.

The Internal Audit function is provided by the Audit and Risk Management Services Division of Fife Council. It operates in accordance with the Public Sector Internal Audit Standards. The Division undertakes an annual programme of work approved by Fife Council's Standards and Audit Committee based on a five year strategic audit plan. SESplan has been assessed as low risk and as such has not been reviewed by internal audit in 2020-21.

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

Effectiveness of Arrangements/Assurances

The Governance arrangements have operated effectively, with decision being made at the appropriate level of authority - these arrangements have not been challenged by any of the SESplan partners or an external body or individual. The arrangements are fit for purpose subject to modification in response to the 2019 Planning Act - arrangements are likely to change over the coming year in response to secondary legislation/regulations being published by the Scottish Government.

Significant Governance Issues

There have been no significant governance issues in 2020-21.

Robin Edgar
Acting SDPA Manager

Councillor Russell Imrie
Convener of Joint Committee

STATEMENT OF RESPONSIBILITIES

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

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

I confirm that these annual accounts were approved for signature on behalf of SESplan on 11 October 2021.

Signed on behalf of SESplan

Councillor Russell Imrie
Convener of Joint Committee

RESPONSIBILITIES OF THE TREASURER

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

In preparing the annual accounts, the Treasurer has:

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

The Treasurer has also:

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

I certify that these accounts give a true and fair view of the financial position of the authority at the reporting date and its income and expenditure for the year ended 31 March 2021.

Eileen Rowand MBA, CPFA
Treasurer

MOVEMENT IN RESERVES STATEMENT

EXPLANATORY NOTE

This statement shows the movement in the year on the different reserves held by the organisation, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and unusable reserves. The (Surplus) or Deficit on the Provision of Services shows the true economic cost of providing the organisation's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

	Usable Reserves £
Balance at 31 March 2020 carried forward	(129,776)
<u>Movement in Reserves during 2020-21</u>	
Deficit on provision of services	18,082
Total Comprehensive Expenditure and Income	18,082
Balance at 31 March 2021 carried forward	(111,694)

	Usable Reserves £
Balance at 31 March 2019 carried forward	(178,251)
<u>Movement in Reserves during 2019-20</u>	
Deficit on provision of services	48,475
Total Comprehensive Expenditure and Income	48,475
Balance at 31 March 2020 carried forward	(129,776)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

EXPLANATORY NOTE

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

2019-20 Gross Expenditure £	2019-20 Gross Income £	2019-20 Net Expenditure £	Notes	2020-21 Gross Expenditure £	2020-21 Gross Income £	2020-21 Net Expenditure £
(1,462)	0	(1,462)	Employee Costs	0	0	0
30,000	0	30,000	Rebates paid to Member Authorities	0	0	0
20,976	0	20,976	Supplies & Services	18,148	0	18,148
49,514	0	49,514	Cost Of Services	18,148	0	18,148
0	(1,039)	(1,039)	Financing & Investment (Income) and Expenditure	0	(66)	(66)
		48,475	(Surplus) or Deficit on Provision of Services	18,148	(66)	18,082
0	0	0	Other Comprehensive (Income) and Expenditure	0	0	0
		48,475	Total Comprehensive (Income) and Expenditure	18,148	(66)	18,082

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

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

BALANCE SHEET

EXPLANATORY NOTE

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by SESplan. The net assets of the organisation (assets less liabilities) are matched by the reserves held. The organisation holds only usable reserves, i.e. those reserves that the organisation may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

2020 Balance Sheet as at 31 March		2021
£	Notes	£
9,551 Debtors and Pre-payments	4	9,551
<u>123,185</u> Advance to Fife Council Loans Fund	6	<u>104,170</u>
132,736 Current Assets		113,721
 (2,960) Creditors	5	 (2,027)
<u>(2,960) Current Liabilities</u>		<u>(2,027)</u>
 <u>129,776</u> Net Assets		 <u>111,694</u>
 (129,776) Usable Reserves		 (111,694)
 <u>(129,776) Total Reserves</u>		 <u>(111,694)</u>

The unaudited accounts were issued on 30 June 2021 and the audited accounts were authorised for issue on 11 October 2021.

Eileen Rowand, MBA, CPFA
Treasurer

CASH FLOW STATEMENT

EXPLANATORY NOTE

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

2019-20	Notes	2020-21
£ Operating Activities		£
Cash Outflows		
<u>52,683</u> Operating cash payments		<u>19,081</u>
52,683 Total Payments		19,081
Cash Inflows		
<u>(1,039)</u> Interest received in cash		<u>(66)</u>
(1,039) Total Receipts		(66)
51,644 Net Cash Outflow-(Inflow) from Operating Activities	7	19,015
51,644 Net Decrease(Increase) in Cash-Cash Equivalents		19,015
(174,829) Cash and cash equivalents at the beginning of the period		(123,185)
(123,185) Cash and cash equivalents at the end of the period	6	(104,170)

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

A) GENERAL PRINCIPLES

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21. The accounts are prepared in accordance with the fundamental accounting principles in terms of the characteristics required, the materiality of the information involved and the accounting concepts underlying the preparation of the accounts. The two essential fundamental characteristics are that the financial information is relevant and is a faithful representation of the authority's financial performance. The desirable qualitative characteristics of the financial information are that they are comparable, verifiable, timely and understandable. Every attempt has been made to ensure these characteristics have been achieved. In compiling these accounts underlying assumptions have been made. These are that the accounts should be on the accrual basis; that the organisation is a going concern, and the primacy of legislation.

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

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

B) ACCRUALS OF INCOME & EXPENDITURE

In accordance with the Code, the annual accounts have been compiled on an accruals basis. Accruals are made for all material debtors and creditors within the accounts. Accruals have been made for supplies and services where they have been received or consumed within the financial year, for interest due and payable on external borrowings and for customer and client receipts due and receivable in the period to which they relate.

The main accrual bases used are as follows:

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

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

C) CASH AND CASH EQUIVALENTS

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

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

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

E) EMPLOYEE BENEFITS & PENSION COSTS

There were no staff directly employed by SESplan.

F) VALUE ADDED TAX

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

G) RESERVES

SESplan has a usable reserve which is the accumulated surplus of income received less expenditure incurred.

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

3. AUDIT COSTS

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

2019-20		2020-21
£		£
2,960	Fee for Appointed Auditors	3,040

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

4. DEBTORS

2019-20		2020-21
£		£
9,551	Non-Government Entities & Individuals	9,551
<u>9,551</u>		<u>9,551</u>

5. CREDITORS

2019-20		2020-21
£		£
2,960	Other Entities and Individuals	2,027
<u>2,960</u>		<u>2,027</u>

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

2019-20		2020-21
£		£
174,829	Balance at 1 April	123,185
(51,644)	Advance to other accounts	(19,015)
<u>123,185</u>	Balance at 31 March	<u>104,170</u>

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

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

2019-20		2020-21
£		£
48,475	Deficit on the Comprehensive Income and Expenditure Statement	18,082
43	Increase or (Reduction) in Debtors	0
3,126	Reduction in Creditors	933
<u>51,644</u>	Net Cash Outflow From Operating Activities	<u>19,015</u>

8. RELATED PARTY TRANSACTIONS & BALANCES

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

For SESplan, these related parties are the 6 local authorities which are the members of the organisation, i.e. East Lothian Council, City of Edinburgh Council, Fife Council, Midlothian Council, Scottish Borders Council and West Lothian Council. During the year SESplan did not pay or receive any contributions to/from these related parties (2019-20 reimbursed £5,000 to each of the above related parties).

Fife Council manages SESplan's cash reserves. More details relating to this can be found in Note 6.

There were no amounts due to or from related parties at 31 March 2020 or 31 March 2021.

9. EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the members of the Strategic Development Planning Authority for Edinburgh and South East Scotland and the Accounts Commission

Reporting 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 the Strategic Development Planning Authority for Edinburgh and South East Scotland for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure 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 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the Strategic Development Planning Authority for Edinburgh and South East Scotland as at 31 March 2021 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 2020/21 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)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. 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 was appointed under arrangements approved by the Accounts Commission on 24 June 2020. The period of total uninterrupted appointment is two years. I am independent of the Strategic Development Planning Authority for Edinburgh and South East Scotland 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. Non-audit services prohibited by the Ethical Standard were not provided to the Strategic Development Planning Authority for Edinburgh and South East Scotland. 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Strategic Development Planning Authority for Edinburgh and South East Scotland's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Treasurer and the Joint Committee 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 Strategic Development Planning Authority for Edinburgh and South East Scotland'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 Joint Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the Strategic Development Planning Authority for Edinburgh and South East Scotland is complying with that framework;
- identifying which laws and regulations are significant in the context of the Strategic Development Planning Authority for Edinburgh and South East Scotland;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Strategic Development Planning Authority for Edinburgh and South East Scotland's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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.

Reporting on other requirements

Statutory other information

The Treasurer is responsible for the statutory other information in the annual accounts. The statutory other information comprises the Management Commentary, Annual Governance Statement and Statement of Responsibilities.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement

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 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.

Conclusions on wider scope responsibilities

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

Use of my report

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

Patricia Fraser
Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

The Strategic Development Planning Authority for Edinburgh and South East Scotland

2020/21 Annual Audit Report



Prepared for the Strategic Development Planning Authority for Edinburgh and South
East Scotland and the Controller of Audit

October 2021

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Key messages

2020/21 annual accounts

- 1 SESplan's financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.
- 2 The Management Commentary and the Annual Governance Statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

Financial sustainability and the Annual Governance Statement

- 3 SESplan underspent by £65,918 against its budget due to significantly lower costs than anticipated.
- 4 The audited annual accounts for 2020/21 confirm a useable reserves balance of £111,694 at 31 March 2021.
- 5 SESplan has confirmed it will wind up in 2021 as its functions have now fully transferred to the Edinburgh and South East of Scotland City Region Deal. The 2020/21 accounts are intended to be SESplan's final set of accounts.

Introduction

1. This report summarises the findings from our 2020/21 audit of the Strategic Development Planning Authority for Edinburgh and South East Scotland (SESplan).

2. The scope of our audit was set out in our Annual Audit Plan presented to the 28 June 2021 meeting of the SESplan Joint Committee. This report comprises the findings from:

- an audit of the SESplan's annual accounts
- consideration of financial sustainability and the Annual Governance Statement.

3. Similarly to other public bodies, SESplan has had to respond to the global coronavirus pandemic. As SESplan has no directly employed staff and no investment assets other than cash balances held with Fife Council, it has been protected from the effects of the pandemic to a great extent. We therefore made minimal changes to our audit approach.

Adding value through the audit

4. We add value to the SESplan through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- sharing intelligence and good practice through our national reports ([Appendix 4](#)) and good practice guides
- providing clear and focused conclusions on financial sustainability and the Annual Governance Statement.

5. In so doing, we aim to help Sesplan promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

6. SESplan 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. SESplan is also responsible for compliance with legislation 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](#) (the Code) and supplementary guidance and International Standards on Auditing in the UK.

8. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on the appropriateness of disclosures in the Annual Governance Statement and the appropriateness and effectiveness of the arrangements in place for securing financial sustainability. Further details of the respective responsibilities of management and the auditor can be found in the [Code](#) and supplementary guidance.

9. 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 appropriateness of the disclosures in the governance statement and the financial sustainability of the body and its services. As highlighted in our 2020/21 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 2020/21 audit.

10. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our 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.

Auditor Independence

11. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2020/21 audit fee of £3,040 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

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

13. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit, particularly given the difficulties of auditing remotely during the COVID-19 pandemic.

1. Audit of 2020/21 annual accounts

The principal means of accounting for the stewardship of resources and performance

Main judgements

SESplan's financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.

The Management Commentary and the Annual Governance Statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

Our audit opinions on the annual accounts were unmodified

14. The annual accounts for SESplan for the year ended 31 March 2021 were approved by the Joint Committee on 4 October 2021. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the Management Commentary and the Annual Governance Statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance
- we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

The annual accounts were signed off in line with the agreed timetable

15. We received the unaudited annual accounts on 30 June 2021 in line with the audit timetable set out in our 2020/21 Annual Audit Plan.

16. 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.

There were no objections raised to the annual accounts

17. The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies 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. SESplan complied. There were no objections to the 2020/21 accounts.

Overall materiality is £1,100

18. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts. The revised materiality levels are summarised in [Exhibit 1](#).

Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£1,100
Performance materiality	£840
Reporting threshold	£100

Source: Annual Audit Plan 2020/21

We have no significant findings to report on the accounts

19. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. We have no issues to report from the audit.

20. There are no significant findings from the audit to draw to your attention and no material adjustments were made to the unaudited financial statements.

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

Good progress was made on prior year recommendations

22. SESplan has made good progress in implementing our prior year audit recommendations. It now has proper arrangements in place for scrutinising and approving the audited accounts. Therefore, no further actions will be proposed

Appendix 2 identifies the main risks of material misstatement and our audit work to address these

23. Appendix 2 provides our assessment of risks of material misstatement in the annual accounts. These risks influence our overall audit strategy, the allocation of staff resources to the audit and inform where the efforts of the team are directed. It also identifies the work we undertook to address these risks and our conclusions from this work.

2. Financial sustainability and the Annual Governance Statement

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services.

Main judgements

SESplan underspent by £65,918 against its budget due to significantly lower costs than anticipated.

The audited annual accounts for 2020/21 confirm a useable reserves balance of £111,694 at 31 March 2021.

SESplan has confirmed it will wind up in 2021 as its functions have now fully transferred to the Edinburgh and South East of Scotland City Region Deal. The 2020/21 accounts are intended to be SESplan's final set of accounts.

SESplan operated within budget in 2020/21

24. The SESplan financial regulations require the operating budget for the next year to be agreed each December. The planned net operating expenditure for 2020/21 of £84,000 was approved by the Joint Committee in November 2019.

25. Actual performance for the year was an underspend against the 2020/21 operating budget of £65,918 and an accounting deficit of £18,082 as demonstrated in [Exhibit 2](#). The underspend was primarily due to savings on:

- Supplies & services - £65,852 saved in relation to consultancy fees.

Exhibit 2 SESplan budget summary

Budget summary	Budget £	Actual £	Variance £
Net (Income)/Expenditure	84,000	18,082	(65,918)
Usable Reserves (Note 1)	45,776	111,694	65,918

Source: SESplan Annual Accounts 2020/21

Note 1 – The budgeted reserve figure here is the opening position less the budgeted net expenditure (£129,776 - £84,000).

Legislative developments will result in the winding up of SESplan in 2021

26. As set out in our Annual Audit Plan, Changes in legislation (Planning (Scotland) Act 2019) have impacted on the future operations and structure of SESplan.

27. Under the Planning (Scotland) Act 2019 (The Act) Strategic Development Planning Authorities such as SESplan, will no longer exist and will be replaced by the new arrangements for the national planning framework (NPF4).

28. It has been confirmed that the developments will result in SESplan winding up in 2021, as its functions have now fully transferred to the Edinburgh and South East of Scotland City Region Deal.

29. SESplan did not directly employ any staff but operated through sharing resources with partner councils. In response to the new legislation and changing responsibilities, SESplan did not agree a budget for 2021/22 as any residual costs were considered minimal and could be paid from the balance of reserves.

30. The 2020/21 annual accounts are therefore intended to be the authority's final set of accounts.

31. SESplan does not hold any property. At 31 March 2021, the authority had creditor balances of £2027 due to other entities. These balances will need to be cleared as part of the arrangements for removing the need to prepare annual accounts.

32. The audited annual accounts for 2020/21 confirm a useable reserves balance of £111,694. The Joint Committee agreed at its meeting on 4 October 2021 that after paying outstanding creditors and charges due in respect of IT related costs for 2021/22 the balance of reserves will be refunded on an equal share basis to each of the constituent authorities.

Annual Governance Statement

33. Our review of the Annual Governance Statement assessed the assurances which are provided to the Joint Committee and management regarding the adequacy and effectiveness of the system of internal control which operated in the financial year. The statement also summarises internal audit findings with the Chief Internal Auditor's assurance statement concluding that 'Overall, systems and processes were operating well and continued improvements are made'.

34. We concluded that the information in the Annual Governance Statement is consistent with the financial statements and complies with the guidance issued by the Scottish Ministers.

Appendix 1. Significant audit risks

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.

Risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by the management override of controls</p> <p>International Standard require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p> <p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>Detailed testing of journal entries.</p> <p>Review accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluate significant transactions that are outside the normal course of business.</p>	<p>Results: No unusual or inappropriate transactions were identified as part of our detailed journal testing.</p> <p>A review of accounting estimates did not show any evidence of bias.</p> <p>Focused testing of accruals and prepayments did not identify any balances that were incorrectly held on the Balance Sheet.</p> <p>We did not identify any transactions outside the normal course of business.</p> <p>Conclusion: No issues were identified which indicate management override of controls.</p>
<p>2. New financial systems</p> <p>During 2020/21, Fife Council introduced new general ledger and accounts payable systems. The systems went live in July 2020.</p> <p>The new systems will be used to produce the 2020/21 financial statements, and, as with any major change in</p>		<p>Service auditor assurances have been obtained from the auditors of Fife Council over the completeness, accuracy and allocation of balances, and income and expenditure.</p> <p>Conclusion: No issues were found which indicate misstatement in the figures and balances due to the introduction of the new systems.</p>

Audit risk	Assurance procedure	Results and conclusions
financial systems, there is an increased risk of misstatement in the figures and balances.		

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
4. Future operations and structure of SESplan Changes in legislation (Planning (Scotland) Act 2019) have impacted on the future operations and structure of SESplan. Arrangements are still being developed and finalised, however, it is expected that the developments could result in the winding up of SESplan in 2021 as its functions are expected to transfer to the Edinburgh and South East of Scotland City Region Deal. Meeting of the Joint Committee to be convened in June 2021 to agree procedures and timescale for winding down of SESplan.	Review updates and papers reported to the Joint Committee. Discuss with management about developments impacting on the future operations and structure of SESplan.	Results: Procedures and timescale for winding up were discussed with management and by members at the Joint Committee meetings in June and October. Conclusion: SESplan has agreed procedures and timescale for winding up activities in 2021.

Appendix 2. Summary of 2020/21 national performance reports

April

[Affordable housing](#)

June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

July

[The National Fraud Initiative in Scotland 2018/19](#)

January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

February

[NHS in Scotland 2020](#)

March

[Improving outcomes for young people through school education](#)

The Strategic Development Planning Authority for Edinburgh and South East Scotland

2020/21 Annual Audit Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

www.audit-scotland.gov.uk/accessibility



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SESplan Joint Committee

4 October 2021

Strategic Development Planning Authority for Edinburgh and South East Scotland Audit of 2020/21 annual accounts

Independent auditor's report

1. Our audit work on the 2020/21 annual accounts is now substantially 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 October 2021 (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 SESplan Joint Committee's consideration our draft annual report on the 2020/21 audit.

3. The report also sets out conclusions from our consideration of the four 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 no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the SESplan Joint Committee 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.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the members of the Strategic Development Planning Authority for Edinburgh and South East Scotland and the Accounts Commission

Reporting 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 the Strategic Development Planning Authority for Edinburgh and South East Scotland for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure 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 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the Strategic Development Planning Authority for Edinburgh and South East Scotland as at 31 March 2021 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 2020/21 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)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. 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 was appointed under arrangements approved by the Accounts Commission on 24 June 2020. The period of total uninterrupted appointment is one year. I am independent of the Strategic Development Planning Authority for Edinburgh and South East Scotland 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. Non-audit services prohibited by the Ethical Standard were not provided to the Strategic Development Planning Authority for Edinburgh and South East Scotland. 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Strategic Development Planning Authority for Edinburgh and South East Scotland's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Treasurer and the Joint Committee 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 Strategic Development Planning Authority for Edinburgh and South East Scotland'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 Joint Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the Strategic Development Planning Authority for Edinburgh and South East Scotland is complying with that framework;
- identifying which laws and regulations are significant in the context of the Strategic Development Planning Authority for Edinburgh and South East Scotland;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Strategic Development Planning Authority for Edinburgh and South East Scotland's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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.

Reporting on other requirements

Statutory other information

The Treasurer is responsible for the statutory other information in the annual accounts. The statutory other information comprises the Management Commentary, Annual Governance Statement and Statement of Responsibilities.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement

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 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.

Conclusions on wider scope responsibilities

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

Use of my report

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

Patricia Fraser
Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Appendix B: Letter of Representation (ISA 580)

Patricia Fraser, Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Dear Patricia

Strategic Development Planning Authority for Edinburgh and South East Scotland Annual Accounts 2020/21

1. This representation letter is provided about your audit of the annual accounts of the Strategic Development Planning Authority for Edinburgh and South East Scotland (the Authority) for the year ended 31 March 2021 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 management commentary and annual governance statement.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Joint Committee, the following representations given to you in connection with your audit of the Authority's annual accounts for the year ended 31 March 2021.

General

3. The Authority and I have fulfilled our statutory responsibilities for the preparation of the 2020/21 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 the Authority have been recorded in the accounting records and are properly reflected in the financial statements.

4. I am not aware of any uncorrected misstatements.

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 2020/21 (2020/21 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 Authority at 31 March 2021 and the transactions for 2020/21.

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 2020/21 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 the Authority's 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 the Authority'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 the Authority's ability to continue as a going concern.

Assets

10. The assets shown in the Balance Sheet at 31 March 2021 were owned by the Authority.

11. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

12. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

13. All liabilities at 31 March 2021 of which I am aware have been recognised in the annual accounts.

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

15. There are no contingent liabilities arising either under formal agreement or through formal undertakings requiring disclosure in the accounts.

Fraud

16. 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

17. 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

18. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2020/21 accounting code. I have made available to you the identity of all the Authority's related parties and all the related party relationships and transactions of which I am aware.

Management commentary

19. 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

20. I confirm that the Authority has undertaken a review of the system of internal control during 2020/21 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.

21. 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 2021, which require to be reflected.

Events Subsequent to the Date of the Balance Sheet

22. All events subsequent to 31 March 2021 for which the 2020/21 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Eileen Rowand MBA, CPFA

Treasurer

APPENDIX 3

SESplan

Closing Financial Statement 2021-2022

Statement of Balances

	£
Balances held at 31st March 2021 (per 2020-2021 Audited Accounts)	111,694
Income & (Expenditure) during 2021-2022	
IT support costs	(10,433)
IT support costs due to be settled	(461)
Balances held by SESplan at closure	100,800

Distribution of Remaining Balances

	Initial Distribution £	City Deal Contribution £	Final Distribution £
Distribution to SESplan constituent Authorities			
-City of Edinburgh Council	16,800	(11,000)	5,800
-West Lothian Council	16,800	(11,000)	5,800
-Midlothian Council	16,800	(11,000)	5,800
-East Lothian Council	16,800	(11,000)	5,800
-Scottish Borders Council	16,800	(11,000)	5,800
-Fife Council	16,800	(11,000)	5,800
Edinburgh and South East Scotland City Region Deal		66,000	66,000
	100,800	0	100,800

