

PERFORMANCE & AUDIT COMMITTEE

**Dean of Guild Room, City Chambers, Edinburgh, EH1 1YJ
Or Microsoft Teams
Friday 9th September 2022 – 10:00am**

AGENDA

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| 1. ORDER OF BUSINESS | |
| 2. APOLOGIES | |
| 3. DECLARATIONS OF INTEREST | |
| 4. EXTERNAL AUDIT ANNUAL REPORT 2021/22 – Report by Karen Jones, External Auditor, Azets | 2 |
| 5. AUDITED ANNUAL ACCOUNTS 2021/22 – Report by Hugh Dunn, Treasurer | 43 |
| 6. RTP REVENUE FUNDING – Report by Jim Grieve | 95 |
| 7. PROJECTS PERFORMANCE – Report by Anna Herriman | 112 |
| 8. DRAFT ANNUAL REPORT 2021/22 – Report by Jim Grieve | 131 |
| 9. DATE OF NEXT MEETING The date of the next meeting is scheduled for 10:00am on Friday 18th November 2022, Dean of Guild, City Chambers, 253 High Street, Edinburgh, EH1 1YJ /Microsoft Teams | |

Gavin King
Secretary to SESTRAN
Head of Democracy, Governance and Resilience
Strategy & Insight Division
The City of Edinburgh Council
Waverley Court 2.1
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2nd September 2022

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2021/22 Annual Audit Report to members of South East of Scotland Transport Partnership and the Controller of Audit

1. Introduction

- 1.1** The Annual Audit Report summarises the findings arising from the Partnership's 2021/22 external audit.

2. Main Report

- 2.1** The unaudited Annual Accounts were noted by the Partnership at its meeting on 17th June 2022 and submitted to the appointed external auditor – Azets Audit Services.
- 2.2** There are no qualifications to the audit certificate. The Auditor's opinion states that the financial statements present a true and fair view of the Partnership as at 31st March 2022 and its income and expenditure for the year then ended.

3 Recommendations

It is recommended that the Performance and Audit Committee note:

- 3.1** the Annual Audit Report to members of South East of Scotland Transport Partnership and the Controller of Audit;
- 3.2** refer the Annual Audit Report to the meeting of the Partnership Board on 23rd September 2022.

Hugh Dunn

Treasurer

6th September 2022

Appendix

Annual Audit Report to members of South East of Scotland Transport Partnership and the Controller of Audit

Contact

iaian.shaw@edinburgh.gov.uk

| | |
|-----------------------------|--|
| Policy Implications | There are no policy implications arising as a result of this report. |
| Financial Implications | There are no financial implications arising following issue of an unqualified Audit certificate. |
| Equalities Implications | There are no equality implications arising as a result of this report. |
| Climate Change Implications | There are no climate change implications arising as a result of this report. |



South East of Scotland Transport Partnership

2021/22 Annual Audit Report to members of South East of Scotland Transport Partnership and the Controller of Audit

September 2022



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Key messages

This report concludes our audit of the South East of Scotland Transport Partnership (“the Partnership”) for 2021/22.

This section summarises the key findings and conclusions from our audit.

Financial statements audit

| | |
|--|---|
| Audit opinion | <p>The Partnership's annual accounts for the year ended 31 March 2022 are due to be considered by the Performance and Audit Committee on 9 September 2022 and approved by the Partnership on 23 September 2022.</p> <p>We report unqualified opinions within our independent auditor's report.</p> |
| Key findings on audit risks and other matters | <p>We have obtained adequate evidence in relation to the key audit risks identified in our audit plan.</p> <p>We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements.</p> <p>The accounting policies used to prepare the financial statements are considered appropriate.</p> <p>All material disclosures required by relevant legislation and applicable accounting standards have been made appropriately.</p> <p>The Partnership had appropriate administrative processes in place to prepare the annual accounts and the required supporting working papers</p> |
| Audit adjustments | <p>We identified one adjustment to the unaudited annual accounts, with no impact on the financial position of the Partnership.</p> <p>We also identified disclosure and presentational adjustments during our audit, which have been reflected in the final set of financial statements.</p> |
| Accounting systems and internal controls | <p>We have applied a risk-based methodology to the audit. This approach requires us to document, evaluate and assess the Partnership's processes and internal controls relating to the financial reporting process.</p> <p>Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we have included these in this report. No material weaknesses or significant deficiencies were noted.</p> |

Wider scope audit

Our annual audit work in respect of our wider scope audit responsibilities was restricted to:

- Audit work to allow conclusions to be made on the appropriateness of the disclosures in the Annual Governance Statement; and
- Consideration of the financial sustainability of the organisation and the services that it delivers over the medium and longer term.

Our conclusions and key observations are set out below:



Annual Governance Statement

We are satisfied that the Annual Governance Statement for the year to 31 March 2022 is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

The Partnership has appropriate systems in place to record, process, summarise and report financial and other relevant data. We have not identified any significant weaknesses or governance issues in the Partnership's accounting internal control systems throughout the year.

Auditor judgement



No major weaknesses in arrangements but scope for improvement exists

Pace and depth of improvement are adequate

Risks exist to achievement of operational objectives



Financial Sustainability

Three-year financial plans have been developed and approved by the Partnership. This presents a balanced budget across all three years, assuming Scottish Government funding and council requisitions will remain at the same level as 2021/22 and will remain at this level over the three year period.

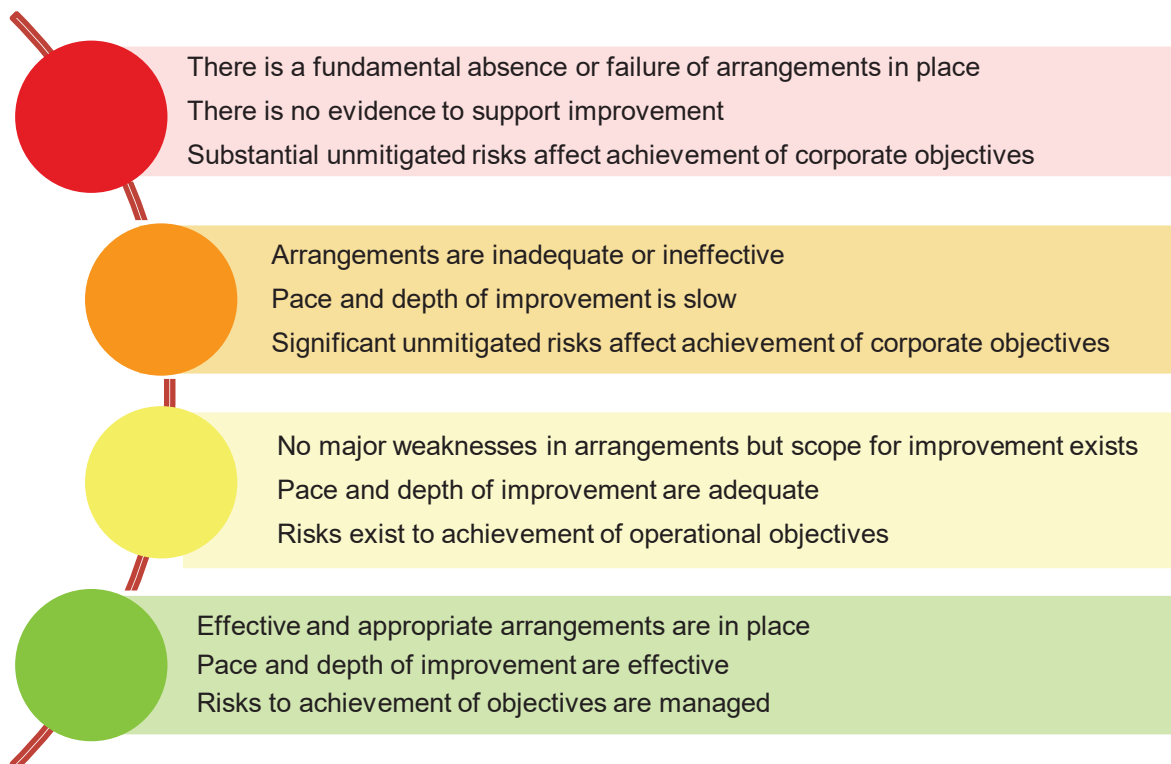
With Scottish Government grant funding and council requisitions remaining the same level, representing a reduction in real terms, the Partnership relies on external funding to ensure a balanced position. The Partnership continues to explore opportunities to increase external funding levels over the medium term.

As at 31 March 2022, the Partnership held an unallocated general fund reserve of £104,000, which is significantly above the minimum level of £31,000 required by the Reserves Policy. This has arisen from underspends against the 2021/22 core budget due to increased staff cost recharges to EU projects and reduced costs reflecting ongoing working from home arrangements. The Partnership is due to consider how these reserves can be utilised at the meeting in September 2022.

Development of the Regional Transport Strategy has progressed throughout 2021/22, with a final version due to be considered by the Partnership in September 2022. Subsequently, the strategy will be presented to Scottish Ministers for their approval and then published. We are satisfied that SEStran has taken appropriate steps to ensure stakeholders' views and statutory responsibilities have been considered throughout the process.

Definition

Our wider scope audit involves consideration of the Partnership's arrangements as they relate to financial sustainability. We have used the following grading to provide an overall assessment of the arrangements in place.



Introduction



We carried out our audit in accordance with Audit Scotland's
Code of Audit Practice and maintained auditor independence

.....

Scope

1. This report summarises the findings from our 2021/22 audit of the South East of Scotland Transport Partnership (“the Partnership”).
2. We outlined the scope of our audit in our External Audit Plan, which we presented to the Partnership at the outset of our audit. The core elements of our work include:
 - an audit of the 2021/22 annual accounts and related matters;
 - consideration of the wider dimensions of public audit work, as set out in Exhibit 1; and
 - any other work requested by Audit Scotland.

Exhibit 1: Audit dimensions within the Code of Audit Practice



Responsibilities

3. The Partnership is responsible for preparing annual accounts which show a true and fair view and for implementing appropriate internal control systems. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
4. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.
5. This is the final year of our audit appointment under the current audit arrangements. We would like to thank all management and staff at both the Partnership and City of Edinburgh Council for their co-operation and assistance during our appointment period.

Auditor independence

6. International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.
7. We confirm that we complied with the Financial Reporting Council's (FRC) Ethical Standard. In our professional judgement, we remain independent and our objectivity has not been compromised in any way.
8. We set out in Appendix 1 our assessment and confirmation of independence.

Openness and transparency

11. This report will be published on Audit Scotland's website www.audit-scotland.gov.uk.

Adding value through the audit

9. All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Partnership through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Partnership promote improved standards of governance, better management and decision making and more effective use of resources.

Feedback

10. Any comments you may have on the service we provide, the quality of our work and our reports would be greatly appreciated at any time. Comments can be reported directly to any member of your audit team.

Annual accounts audit

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

Overall conclusion

12. The annual accounts are due to be considered by the Performance and Audit Committee on 9 September 2022 and approved by the Partnership on 23 September 2022. Our independent auditor's report is unqualified.

Administrative processes

13. We received the unaudited annual accounts and supporting papers of an adequate standard, in line with our agreed audit timetable. Our thanks go to staff at the Partnership and City of Edinburgh Council for their assistance with our work.

Our audit opinion

| Opinion | Basis for opinion | Conclusions |
|-----------------------------------|--|--|
| Financial statements | <p>We conduct our audit in accordance with applicable law and International Standards on Auditing.</p> <p>Our findings / conclusion to inform our opinion are set out in this section of our annual report.</p> | We have issued unqualified audit opinions. |
| Going concern basis of accounting | <p>In the public sector when assessing whether the going concern basis of accounting is appropriate, the anticipated provision of the services is more relevant to the assessment than the continued existence of a particular public body.</p> <p>We assess whether there are plans to discontinue or privatise the Partnership's functions.</p> <p>Our wider scope audit work considers the financial sustainability of the Partnership.</p> | <p>As at 31 March 2022, the Partnership reported a net liability position of £0.259million. This includes the net pension liability of £0.580million. In the Partnership's opinion, the organisation will be able to continue for the foreseeable future. The Partnership has adequate budget to meet the ongoing employer contributions required by Lothian Pension Fund.</p> <p>We reviewed the financial forecasts for 2022/23. Our understanding of the legislative framework and activities undertaken provides us with sufficient assurance that the</p> |

| Opinion | Basis for opinion | Conclusions |
|---|--|--|
| | | <p>Partnership will continue to operate for at least 12 months from the signing date.</p> <p>Our audit opinion is unqualified in this respect.</p> |
| <p>Opinions prescribed by the Accounts Commission on:</p> <ul style="list-style-type: none"> • Management Commentary • Annual Governance Statement • Remuneration Report | <p>We read all the statutory information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.</p> <p>We plan and perform audit procedures to gain assurance that the statutory other information has been prepared in accordance with;</p> <ul style="list-style-type: none"> • Statutory guidance issued under the Local Government in Scotland Act 2003 (Management Commentary); • The Delivering Good Governance in Local Government: Framework (Annual Governance Statement); and • The Local Authority Accounts (Scotland) Regulations 2014 (Remuneration Report). | <p>The statutory other information contains no material misstatements or inconsistencies with the financial statements.</p> <p>We have concluded that:</p> <ul style="list-style-type: none"> • The management commentary is consistent with the financial statements and has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003. • The information given in the annual governance statement is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance framework. • the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014. |

| Opinion | Basis for opinion | Conclusions |
|-------------------------------|---|-------------------------------|
| Matters reported by exception | <p>We are required to report on whether:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept; or the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit. | We have no matters to report. |

An overview of the scope of our audit

14. The scope of our audit was detailed in our External Audit Plan, which was presented to the Partnership in March 2022. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Partnership. This ensures that our audit focuses on the areas of highest risk. Planning is a continuous process and our audit plan is subject to review during the course of the audit to take account of developments that arise.
15. At the planning stage we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.
16. In our audit, we test and examine information using sampling and other audit techniques, to the extent we consider necessary to provide a

reasonable basis for us to draw conclusions. We obtain evidence through performing a review of the significant accounting systems, substantive procedures and detailed analytical procedures.

Significant risk areas

17. Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.
18. The significant risk areas described in the table below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. Our audit procedures relating to these matters were designed in the context of our audit of the annual

accounts as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the annual accounts is not modified with respect to any of the risks described below.

Significant risk areas

1. Management override

Significant risk description

In any organisation, there exists a risk that management have the ability to process transactions or make adjustments to the financial records outside the normal financial control processes. Such issues could lead to a material misstatement in the financial statements. This is treated as a presumed risk area in accordance with ISA (UK) 240 - *The auditor's responsibilities relating to fraud in an audit of financial statements*.

How the scope of our audit responded to the significant risk

Key judgement

There is the potential for management to use their judgement to influence the financial statements as well as the potential to override controls for specific transactions.

Audit procedures

- Review of the Partnership's accounting records and audit testing on transactions.
- Adoption of data analytics techniques in carrying out testing.
- Review of judgements and assumptions made in determining accounting estimates as set out in the financial statements to determine whether they are indicative of potential bias. This included a retrospective review of the prior year estimates against the current year estimates.

Key observations

We have not identified any indication of management override in the year. We did not identify any areas of bias in key judgements made by management and judgements were consistent with prior years.

2. Revenue recognition

Significant risk areas

Significant risk description

Under ISA (UK) 240 - The auditor's responsibilities relating to fraud in an audit of financial statements there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the Partnership could adopt accounting policies or recognise income and expenditure transactions in such a way as to lead to a material misstatement in the reported financial position.

How the scope of our audit responded to the significant risk

Key judgements

Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of income around the year end. However, we do not deem this risk to be present in requisitions received from the constituent local authorities or Scottish Government grant funding due to a lack of incentive and opportunity to manipulate transactions.

Audit procedures

- Evaluate the significant revenue streams and review the controls in place over accounting for revenue.
- Consideration of the Partnership's key areas of revenue and obtain evidence that revenue is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year.

Key observations

At the planning stage of our audit we concluded that the revenue recognition risk was present in all revenue streams except for requisitions from constituent local authorities and Scottish Government grant funding. Our conclusion remained the same throughout the audit.

Based on the work performed, we have gained reasonable assurance on the completeness and occurrence of income and we are satisfied that it is fairly stated in the financial statements.

3. Expenditure recognition

Significant risk description

As most public sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.

Significant risk areas

How the scope of our audit responded to the significant risk

Key judgements

Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of accruals around the year end.

Audit procedures

- Evaluate the significant non-pay expenditure streams and review the controls in place over accounting for expenditure. (Payroll is subject to separate tailored testing).
- Consideration of the Partnership's key areas of expenditure and obtain evidence that expenditure is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year.
- Review of accruals around the year end to consider if there is any indication of understatement of balances held through consideration of accounting estimates.

Key observations

We gained reasonable assurance over the completeness and occurrence of expenditure and are satisfied that expenditure is fairly stated in the financial statements.

4. Pension assumptions (significant accounting estimate)

Significant risk description

An actuarial estimate of the pension fund asset/liability is calculated on an annual basis under IAS 19 and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership data held by the pension fund and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities. There is a risk that the assumptions used are not appropriate.

How the scope of our audit responded to the significant risk

Key judgements

A significant level of estimation is required in order to determine the valuation of pension assets/liabilities. Small changes in the key assumptions (including discount rates, inflation and mortality rates) can have a material impact on the pension asset/liability.

Significant risk areas

Audit procedures

- Review of the controls in place to ensure that the data provided from the pension fund to the actuary is complete and accurate.
 - Review the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data.
 - Agree the disclosures in the financial statements to information provided by the actuary.
 - Consider the competence, capability and objectiveness of the management expert in line with ISA (UK) 500 Audit Evidence.
-

Key observations

We reviewed the reasonableness of those assumptions used in the calculation against other local government pension fund actuaries and other observable data, with no issues identified. In addition, we reviewed the information in the actuarial report for completeness and accuracy against the published pension fund data.

We have considered the competence, capability and objectivity of the actuary in line with the requirements of ISA (UK) 500 'Audit Evidence'. From this review we did not identify any items which gave us cause for concern over the suitability of the actuary.

Other risk factors

Impact of COVID-19 on the annual accounts

19. COVID-19 continues to present unprecedented challenges to the operation, financial management and governance of organisations, including public sector bodies. In response to the pandemic we identified potential

areas of increased risk of material misstatement to the financial statements and/or our audit opinion. Our conclusions are set out in the following table:

| Area considered | Description | Conclusion |
|--------------------------|---|--|
| Access to audit evidence | Our audit this year has been carried out remotely. As a consequence, we identified a risk that access to and provision of sufficient, appropriate audit evidence in support of our audit opinion may be impacted by the inherent nature of carrying out our audit remotely. | <p>We have employed a greater use of technology to examine evidence, but only where we have assessed both the sufficiency and appropriateness of the audit evidence produced.</p> <p>We have stayed in close contact with Partnership and City of Edinburgh Council colleagues to ensure all relevant issues are satisfactorily addressed.</p> |

Estimates and judgements

between Prudent, Balanced and Optimistic.

20. We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the financial statements.
21. As part of the planning and fieldwork stages of the audit we identified all accounting estimates made by management and determined which of those are key to the overall financial statements. Consideration was given to pension assumptions, depreciation, and accruals. Other than pension assumptions, we have not determined the accounting estimates to be significant. We revisited our assessment during the completion stages of our audit and concluded that our assessment remained appropriate.
22. Our audit work consisted of reviewing these key areas for any indication of bias and assessing whether the judgements used by management are reasonable. We have summarised our assessment of this below, categorised

Estimates and judgements

Pension assumptions

Balanced

An actuarial estimate of the pension fund asset/liability is calculated on an annual basis and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience.

We have considered the competence, capability and objectivity of the actuary in line with the requirements of ISA (UK) 500 'Audit Evidence'. From this review we did not identify any items which gave us cause for concern over the suitability of the actuary.

We reviewed the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data, with no issues identified. In addition, we reviewed the information in the actuarial report for completeness and accuracy against the published pension fund data.

The Partnership has disclosed in its annual accounts a sensitivity analysis to help users of the annual accounts understand the judgements management have made about the sources of estimation uncertainty.

Materiality

23. Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the organisation and the needs of users. We review our assessment of materiality throughout the audit.
24. Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to the Partnership and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.
25. Our initial assessment of materiality for the Partnership's financial statements was £23,000. On receipt of the unaudited annual accounts, we reassessed materiality and updated it to £35,000. We consider that our updated assessment has remained appropriate throughout our audit.

Materiality

Overall materiality

£35,000



100%

Accounts materially misstated where total errors exceed this value

Performance materiality

£26,000



75%

Work performed to capture individual errors at this level

Trivial threshold

£1,750



5%

All errors greater than this level are reported

Materiality

Our assessment is made with reference to the Partnership's gross expenditure. We consider this to be the principal consideration for the users of the annual accounts when assessing financial performance.

Our assessment of materiality equates to approximately 1.5% of gross expenditure as disclosed in the 2021/22 unaudited annual accounts.

In performing our audit we apply a lower level of materiality to the audit of the Remuneration Report. Our materiality is set at £5,000.

Performance materiality

Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.

Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.

Trivial misstatements

Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

Audit differences

26. We identified one audit adjustment, as detailed at appendix 1, with a net impact of nil on the financial position of the Partnership.
27. In 2020/21, the Partnership purchased bus passenger transport equipment on behalf of two constituent councils, using the Partnership's existing Framework contract for bus passenger equipment. The value of the equipment was £46,000. As the equipment was awaiting deployment at 31st March 2021, the equipment was accounted for as Property, Plant and Equipment - Assets Under Construction. During 2021/22, it was established that ownership of the assets was vested with the two constituent councils, with full recovery of cost by the Partnership.
28. A prior year restatement of £46,000 has been made to Property, Plant and Equipment - Assets Under Construction. A corresponding adjustment was made to the deficit on provision of services in the Comprehensive Income and Expenditure Statement.
29. Our audit adjustment reflects the Partnership's purchase of bus passenger transport equipment on behalf of constituent councils in 2021/22. These transactions have been removed from the Partnership's financial statements (as the Partnership is acting as an intermediary) and disclosed in the notes.
30. We also identified some disclosure or presentational adjustments during our audit, which have been reflected in the final set of accounts.

Internal controls

31. As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Partnership. These matters are limited to those which we have concluded are of sufficient importance to merit being reported.

| Area | Assessment | Comment |
|---------------------------------|---------------------|---|
| Control and process environment | Satisfactory | We consider the control environment within the entity to be satisfactory. |
| Quality of supporting schedules | Satisfactory | The supporting schedules received during the course of the fieldwork were of a high standard and sufficient for our audit purposes. |
| Responses to audit queries | Satisfactory | Management and City of Edinburgh Council responses to our audit queries were appropriate and received on a timely basis. |

Other communications

Accounting policies, presentation and disclosures

32. Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies adopted by the Partnership.
33. The accounting policies, which are disclosed in the annual accounts, are considered appropriate.
34. There are no significant financial statements disclosures that we consider should be brought to your attention. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately.
35. Overall we found the disclosed accounting policies, and the overall disclosures and presentation to be appropriate.

Fraud and suspected fraud

36. We have previously discussed the risk of fraud with management. We have not been made aware of any incidents

in the period nor have any incidents come to our attention as a result of our audit testing.

37. Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose.

Non-compliance with laws and regulations

38. As part of our standard audit testing, we have reviewed the laws and regulations impacting the Partnership. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations that would necessitate a provision or contingent liability.

The Local Authority Accounts (Scotland) Regulations 2014

39. As part of our audit we reviewed the Partnership's compliance with the Local Authority Accounts (Scotland) Regulations 2014, in particular with

respect to regulations 8 to 10¹ as they relate to the annual accounts.

40. Overall we concluded that appropriate arrangements are in place to comply with these Regulations.

Written representations

41. We will present a letter of representation to the Treasurer to sign at the same time as the annual accounts are approved.

Related parties

42. We are not aware of any related party transactions which have not been disclosed.

Confirmations from third parties

43. All requested third party confirmations in respect of bank and legal confirmations have been received.

¹ Regulations 8 to 10 relate to the preparation and publication of unaudited accounts, notice of public

right to inspect and object to the accounts and consideration and signing of the audited accounts.

Wider scope



Following consideration of the size, nature and risks of the Partnership, the application of the full wider scope audit is judged by us not to be appropriate. Our annual audit work on the wider scope has therefore been restricted to:

- Audit work to allow conclusions to be made on the appropriateness of the disclosures in the governance statement; and
 - Consideration of the financial sustainability of the organisation and the services that it delivers over the medium and longer term.
-

Wider scope conclusions



Governance Statement

We are satisfied that the Annual Governance Statement for the year to 31 March 2022 is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

The Partnership has appropriate systems in place to record, process, summarise and report financial and other relevant data. We have not identified any significant weaknesses or governance issues in the Partnership's accounting internal control systems throughout the year.

Auditor judgement

No major weaknesses in arrangements but scope for improvement exists



Pace and depth of improvement are adequate

Risks exist to achievement of operational objectives



Financial Sustainability

Three-year financial plans have been developed and approved by the Partnership. This presents a balanced budget across all three years, assuming Scottish Government funding and council requisitions will remain at the same level as 2021/22 and will remain at this level over the three year period.

With Scottish Government grant funding and council requisitions remaining the same level, representing a reduction in real terms, the Partnership relies on external funding to ensure a balanced position. The Partnership continues to explore opportunities to increase external funding levels over the medium term.

As at 31 March 2022, the Partnership held an unallocated general fund reserve of £104,000, which is significantly above the minimum level of £31,000 required by the Reserves Policy. This has arisen from underspends against the 2021/22 core budget due to increased staff cost recharges to EU projects and reduced costs reflecting ongoing working from home arrangements. The Partnership is due to consider how these reserves can be utilised at the meeting in September 2022.

Development of the Regional Transport Strategy has progressed throughout 2021/22, with a final version due to be considered by the Partnership in September 2022. Subsequently, the strategy will be presented to Scottish Ministers for their approval and then published. We are satisfied that SEStran has taken appropriate steps to ensure stakeholders' views and statutory responsibilities have been considered throughout the process.

Our approach to the wider scope audit

44. Our approach to the wider scope audit (as set out in our 2021/22 External Audit Plan) builds on our understanding of the Partnership which we developed from previous years, along with discussions with management and review of minutes and key strategy documents.
45. During our audit we also considered the Partnership's arrangements as they relate to the best value theme of fairness and equality.
46. Overall we concluded that the Partnership has appropriate arrangements in place as noted below

Fairness and Equalities

The Partnership published its Equality Outcomes 2021-2025 and Mainstreaming Report in April 2021. This outlined progress made in mainstreaming equality and set new equality outcomes for the period 2021-25. Performance measures have been set for each outcome which will be monitored throughout the period. The next progress report is due by April 2023.

Equality impact assessments have been completed to underpin the development of the new Regional Transport Strategy. The Scottish Government's National Transport Strategy targets reducing inequalities as one of the four central priorities. The work undertaken by SEStran looked to identify key equalities issues to inform the content of the new Regional Transport Strategy.



Annual Governance statement

Our audit opinion considers whether the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016) and is consistent with the financial statements.

47. We are satisfied that the Annual Governance Statement for the year to 31 March 2022 is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).
48. From our audit work we have concluded that the Partnership has appropriate systems in place to record, process, summarise and report financial and other relevant data. We have not identified any significant weaknesses or governance issues in the Partnership's accounting and internal control systems.
49. The Treasurer has confirmed that in his opinion, reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system.
50. The Partnership's internal audit function is provided by City of Edinburgh Council's internal audit service. We have taken cognisance of the work of internal audit in forming our opinion on the appropriateness of the disclosures in the Annual Governance Statement.

Governance arrangements

51. Governance arrangements have continued as normal throughout the period, with Partnership and Committee meetings held remotely.

52. The accounting and internal control system has continued to operate effectively during remote working, with no significant changes in controls.
53. The Partnership received and considered all standing items in 2021/22 including regular budget monitoring reports, performance information and updates on ongoing activity.
54. We are satisfied that the Partnership received sufficient and timely information throughout the period to support effective scrutiny, challenge and decision making.

Scottish Local Government Elections

55. The recent local government elections has resulted in significant changes to the Partnership's membership, with 17 out of the 20 elected members being newly appointed.
56. The new Partnership members are due to receive the relevant training in September 2022. The training will be aligned to the Scottish Government's On Board training guide.



Financial sustainability

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

Significant audit risk

57. Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities

Financial sustainability

The Partnership approved an Indicative Financial Plan 2022-2025 in December 2021. This presents a balanced budget across all three years, assuming Scottish Government funding and council requisitions will remain at the same level as 2021/22 and will remain at this level over the three year period. The achievement of a balanced financial outturn depends upon continued tight control and monitoring of income and expenditure. The 2022/23 revenue budget will be presented to the Partnership in March 2022, including an update on the General Fund reserve position as per the Reserves Policy.

With Scottish Government grant funding and council requisitions remaining at the same level, representing a reduction in real terms, the Partnership relies on external funding to ensure a balanced position. However, with European Union projects ending over the next two years, funding will reduce from £106,000 in 2021/22 to nil by 2023/24. The Partnership do not see this as a significant risk to its financial sustainability but are looking into arrangements to succeed those existing funding streams and has identified the need to increase funding levels as a key objective within its Business Plan 2021/22 to 2023/24.

The development of the new Regional Transport Strategy (RTS) has been a key area of focus in 2021/22, with the draft RTS due to be considered by the Partnership in March 2022 and subsequently shared with Scottish Government for approval. The RTS will set out a clear framework for how transport and mobility will be provided, developed and improved in the South East of Scotland region, whilst meeting aspirations for a sustainable and economically active growth area over and beyond the next 10 years. As a key driver for service delivery in the medium to long term, it is essential that SEStran has appropriate financial plans in place to support the delivery of this strategy in a sustainable manner.

Noted in the 2021/22 External Audit Plan

58. Our detailed findings on the Partnership's financial framework for achieving medium term financial sustainability are set out below.

Medium term financial planning

59. In March 2022 the Partnership approved a revenue budget of £1.526million for 2022/23 (2021/22: £1.472million) and indicative financial plans for 2023/24 and 2024/25.
60. The budget assumes a balanced position each year with no plans to utilise or increase the unallocated general fund reserve. The Partnership

was assured that, based on the forecasted 2021/22 position, an adequate unallocated reserve could be maintained, but that confirmation of this position would be presented to the Partnership in September 2022, based on the audited position for 2021/22.

61. All three years are based on the Partnership continuing to receive £782,000 grant from the Scottish Government, £190,000 from constituent council requisitions and the balance met from external funding.

Exhibit 2: Medium term financial plan 2022/23 – 2024/25

| | 2022/23 | 2023/24 | 2024/25 |
|-----------------------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 |
| Budgeted expenditure | 1,526 | 1,337 | 1,311 |
| External funding | 554 | 365 | 339 |
| Scottish Government | 782 | 782 | 782 |
| Council requisition | 190 | 190 | 190 |
| Total funding | 1,526 | 1,337 | 1,311 |

Source: Revenue Budget 2022/23 and Indicative Financial Plan 2023/24 to 2024/25 – presented to the Partnership March 2022

62. Key assumptions made in developing the 2022/23 budget and indicative financial plans include;
- Additional EU project income and expenditure with net impact of additional costs of £104,000;
 - An increase in staff recharges to EU projects in 2022/23 review of EU projects;
 - estimated Pension Fund strain costs of £10,000 based on an actuarial assessment of the difference between anticipated annual salary cost increases assumed in the 2020 actuarial valuation and actual salary cost increases; and
 - Other assumptions required to reflect project extensions and slippage in current activity.

External funding

63. With Scottish Government grant funding and council requisitions remaining at the same level, representing a reduction in real terms, the Partnership relies on external funding to ensure a balanced position. External income is anticipated to fund 36% of indicative expenditure in 2022/23.
64. SEStran identified the need to increase external funding levels over the medium term as a key objective in its 2021/22 Business Plan. The 2022/23 budget forecasts funding of £554,000, an increase of £170,000 compared to the previous indicative financial plans. This is due to the extensions of a number of EU funded projects to June 2023 and additional funding of £212,000 received in 2021/22 for the GO SEStran project to develop Mobility as a Service and Demand Responsive Transport pilots
65. SEStran continues to reflect on ways to diversify its funding opportunities. For example, an increase in support levels from Transport Scotland for active travel network development presents an opportunity to further enhance funding and delivery of active travel objectives, which SEStran is continuing to explore.

Reserves position

66. Since 2019/20, the enactment of provisions within the Transport (Scotland) Act 2019 allows Regional Transport Partnerships (RTP's) to manage year-end finances by enabling them to hold a balance of funds.
67. As at 31 March 2022, the Partnership held a general fund balance of £161,000 (31 March 2021: £134,000),

of which £58,000 is earmarked to meet slippage on project delivery from 2021/22 to 2022/23. The remaining balance of £104,000 is unallocated (31 March 2021: £29,000). This has arisen from underspends against the 2021/22 core budget due to increased staff cost recharges to EU projects and reduced costs reflecting ongoing working from home arrangements.

68. The Partnership's Reserves Policy outlines a minimum unallocated general reserve fund of 5% of the approved annual core revenue budget to mitigate core revenue budget risks. This equates to £31,000.
69. Whilst we are satisfied that the Partnership's reserves position as at 31 March 2022 (an unallocated general fund reserve of £104,000) is in compliance with the policy, this has only been achieved through unplanned underspends in year. As highlighted in our 2020/21 Annual Audit Report, the Partnership had set a balanced budget for 2021/22 and there was no strategy in place to build up this level of reserves.
70. The Partnership should continue to reflect on its strategy to maintain, utilise or further build up their unallocated general fund reserve as part of their annual budgeting process to ensure this remains sufficient.
71. The audited reserves position will be presented to the Partnership in September 2022 for a decision on how these will be applied in 2022/23 onwards.

Strategic Planning

72. The current SEStran Business Plan 2021-22 to 2023-24 was approved in June 2021. This outlines the

- Partnership's strategic objectives and planned activities which have been structured under five core strategic themes;
- Accessibility;
 - Environment;
 - Economy;
 - Safety and health; and
 - Governance and partnership working
73. The development of the new Regional Transport Strategy (RTS) has remained a key area of focus in 2021/22. The RTS Case for Change was published on the SEStran website in June 2021, outlining the latest understanding of the problems and issues faced in the SEStran region, travel behaviour changes which have arisen since the onset of COVID-19, and the potential options to address these.
74. To support SEStran's statutory responsibilities, a Case for Change Equalities Duties Report and Strategic Environmental Assessment (SEA) Environmental Report were also published. These documents, along with the Case for Change Report were subject to a four-week consultation period, ending in July 2021.
75. Having identified the problems to be addressed and the associated options to address these, SEStran completed an options appraisal, assessing these against the Scottish Transport Appraisal Guidance criteria and strategic objectives. 62 options were selected and collated into themes as the foundation for creating the draft RTS.
76. A special Partnership meeting was held in October 2021 to progress this work. The Partnership agreed on 12 Regional Mobility Themes and developed policies and associated actions for each one. The draft RTS consists of 74 policies which provide a framework that aligns to the National Transport Strategy.
77. Statutory assessments of the RTS have been completed, including an environmental report and an Equalities Impact Assessment report. As the RTS is high-level in nature, further assessments will need to be completed for specific initiatives.
78. The RTS and statutory assessments were published for consultation between November 2021 and February 2022. SEStran received 109 responses and as a result made changes to the structure, format and some areas of content. The most significant change is a commitment to publish a Programmed Investment Plan which will provide clarity and a regional overview of the proposed schemes and their status.
79. An updated RTS was presented to the Partnership in March 2022. However, in response to concerns raised by Scottish Borders Council over the RTS' consideration of rural issues, final approval of the strategy has been delayed and an updated document will be presented to the Partnership in September 2022.
80. We are satisfied that SEStran has taken the necessary steps to ensure the RTS takes appropriate cognisance of stakeholders' views, environmental issues, equalities duties, and the challenges currently faced within the SEStran region.

Financial performance in 2021/22

81. The Comprehensive Income and Expenditure Statement for 2021/22 shows that the Partnership spent £2.156million on the delivery of services, resulting in an accounting deficit of £155,000 (2020/21: restated accounting deficit of £117,000).
82. The accounting deficit includes certain elements of income and expenditure that need to be accounted for to comply with the Code of Practice on Local Authority Accounting in the United Kingdom (the 2021/22 Code), and which are subsequently adjusted to show their impact on reserves.
83. Taking account of these adjustments, the Partnership reported a surplus of £27,000 (2020/21: deficit of £55,000), which has been recognised against the general fund.

Appendices



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Appendix 1: Respective responsibilities of the Partnership and the Auditor

The Code of Audit Practice (2016) sets out the responsibilities of the Partnership and the auditor and are detailed below.

Partnership responsibilities

The Partnership is required to make arrangements for the proper administration of financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Treasurer has been designated as that officer.

The Treasurer is responsible for the preparation of the Partnership's annual accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

| Area | Partnership responsibilities |
|------------------------------|--|
| Corporate governance | <p>The Partnership is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.</p> |
| Financial statements. | <p>The Partnership has responsibility for:</p> <ul style="list-style-type: none"> preparing financial statements which give a true and fair view of its financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support its financial statements and related reports disclosures; maintaining proper accounting records; and preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that is consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also address the longer term financial sustainability of the Partnership. <p>Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the entity and its financial performance, including providing adequate</p> |

| Area | Partnership responsibilities |
|---|--|
| | <p>disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.</p> <p>The Partnership is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.</p> |
| Standards of conduct for prevention and detection of fraud and error | <p>The Partnership is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct.</p> |
| Financial position | <p>The Partnership is responsible for putting in place proper arrangements to ensure the financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> • Such financial monitoring and reporting arrangements as may be specified; • Compliance with statutory financial requirements and achievement of financial targets; • Balances and reserves, including strategies about levels and their future use; • Plans to deal with uncertainty in the medium and long term; and • The impact of planned future policies and foreseeable developments on the financial position. |
| Best value | <p>The Partnership has a specific responsibility to ensure that arrangements have been made to secure best value. They are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily.</p> |

Auditor responsibilities

Auditor responsibilities are derived from statute, the Code of Audit Practice, International Standards on Auditing (UK), professional requirements and best practice. These are to:

- undertake statutory duties, and comply with professional engagement and ethical standards;
- provide an opinion on the financial statements;
- review and report on, as appropriate, other information such as annual governance statements, management commentaries and remuneration reports;
- notify the Controller of Audit when circumstances indicate that a statutory report may be required; and
- demonstrate compliance with the wider scope of public audit.

Wider scope of audit

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the financial statements, but providing audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management arrangements and financial sustainability.

The Code of Audit Practice frames a significant part of our wider scope responsibilities in terms of four audit dimensions: financial sustainability; financial management; governance and transparency; and value for money.

We have concluded that the full application is not appropriate due to the size of the organisation. As part of our annual audit we consider and report against:

- appropriateness of the disclosures in the governance statement; and
- financial sustainability of the body and the services that it delivers over the medium to longer term.

Best Value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure best value.

Our work in respect of the Partnership's best value arrangements has been integrated into our audit approach, including our work on the wider scope dimensions.

Independence

In accordance with our profession's ethical guidance and further to our External Audit Annual Plan issued confirming audit arrangements there are no further matters to bring to your attention in relation to our integrity, objectivity and independence.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

Audit and non-audit services

The total fees charged to the Partnership for the provision of services in 2021/22 (with prior year comparators) is as follows:

| | Current year | Prior year |
|---|--------------|--------------|
| | £ | £ |
| Audit of South East of Scotland Transport Partnership (Auditor remuneration) | 9,090 | 8,900 |
| Total audit | 9,090 | 8,900 |
| Non-audit services | - | - |
| Total fees | 9,090 | 8,900 |

FRC's Ethical Standard stipulates that where an auditor undertakes non audit work, appropriate safeguards must be applied to reduce or eliminate any threats to independence. No non-audit services were provided to the Partnership.

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. The audit quality arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an [Audit Quality Framework](#).

The most recent audit quality report which covers our work at the Partnership since appointment can be found at <https://www.audit-scotland.gov.uk/publications/quality-of-public-audit-in-scotland-annual-report-202122>

Appendix 2: Adjusted and unadjusted errors identified during the audit

Corrected misstatements

| No | Detail | Assets | Liabilities | Reserves | CIES |
|---|---|-----------|-------------|-----------|--|
| | | Dr / (Cr) | Dr / (Cr) | Dr / (Cr) | Dr / (Cr) |
| | | £'000 | £'000 | £'000 | £'000 |
| 1. | Removal of agency income from related expenditure | | | | Gross income: 216 Gross expenditure (216) |
| Net impact on (income) / expenditure per audited accounts | | | | | - |
| Net assets per the unaudited accounts | | | | | 259 |
| Total audit adjustments | | | | | - |
| Net assets per audited accounts | | | | | 259 |

Uncorrected misstatements

We did not identify any uncorrected misstatements during our audit of the annual accounts.

Disclosure amendments

| No | Detail |
|----|--|
| 1 | Annual Governance Statement – additional narrative to reflect on changes to the Partnership membership and confirmation that governance arrangements have been in operation up to the date of signing |
| 2 | Reordering of notes such that the accounting policies are immediately followed by commentary on accounting standards issued but not yet adopted, critical judgements in applying the accounting policies, assumptions made about major sources of estimation uncertainty and events after the balance sheet date |
| 3 | Note 22 – Related Parties – separately identifying agency transactions |

Appendix 3: Follow up of prior year recommendations

There were no prior year recommendations to note.

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Accounting | Tax | Audit | Advisory | Technology

Audited Annual Accounts 2021/22

1. Introduction

- 1.1** This report presents the audited accounts for the year ended 31st March 2022. The audited accounts are appended.

2. Main Report

- 2.1** The unaudited Annual Accounts were noted by the Partnership at its meeting on 17th June 2022.

- 2.2** The Partnership's appointed External Auditor – Azets Audit Services – has completed an Audit report and this is presented separately on this agenda.

- 2.3** The Auditor's report provides an opinion on whether:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the body as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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.

- 2.4** There are no qualifications to the draft audit certificate, which appears on pages 47 to 49 of the accounts. The Auditor's opinion states that the financial statements present a true and fair view of the Partnership as at 31st March 2022 and its income and expenditure for the year then ended.

- 2.5** The Partnership Board will consider the Audited Annual Accounts at its' meeting on 23rd September 2022. The Chair of the Performance and Audit Committee will have an opportunity to report to the Board on any issue arising from the Performance and Audit Committee's consideration of the accounts.

3 Recommendations

It is recommended that the Performance and Audit Committee:

- 3.1** note the audited accounts and the Auditor's opinion in the audit certificate.

Hugh Dunn
Treasurer
6th September 2022

**Appendix
Contact**

Audited Annual Accounts 2021/22
iain.shaw@edinburgh.gov.uk

| | |
|-----------------------------|--|
| Policy Implications | There are no policy implications arising as a result of this report. |
| Financial Implications | There are no financial implications arising following issue of an unqualified Audit certificate. |
| Equalities Implications | There are no equality implications arising as a result of this report. |
| Climate Change Implications | There are no climate change implications arising as a result of this report. |

The South East of Scotland Transport Partnership (SESTRAN)

Audited Annual Accounts

2021/2022

The South East of Scotland Transport Partnership (SESTRAN)

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The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary

1. Basis of Accounts

The Partnership prepares its Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. The Code of Practice is based on International Financial Reporting Standards (IFRS).

2. Statutory Background

The South East of Scotland Transport Partnership (SESTRAN) was established under the Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005. The Partnership came into force on 1st December 2005. Under Section 3 of the Transport (Scotland) Act 2005, the net expenses of SESTRAN, after allowing for government grant and any other income, are met by its constituent councils.

In accordance with Section 122 of the Transport (Scotland) Act 2019, which allows Regional Transport Partnerships to carry forward reserves, the Partnership has now established a General Fund reserve. This provision in the Transport (Scotland) Act 2019 came into effect on 19 March 2020, and is available to Regional Transport Partnerships for financial years 2019/20 and onwards.

3. Corporate Strategy

The following is an introductory extract from the Transport (Scotland) Act 2005, which established the Partnership; one of seven Scottish Regional Transport Partnerships (RTPs):

“An Act of the Scottish Parliament to provide for the setting up and functions of the new transport bodies and to enable the Scottish Ministers to discharge certain transport functions; to provide further for the control and co-ordination of road works and for the enforcement of the duties placed on those who carry them out; to set up national concessionary fares schemes; and to make other, miscellaneous modifications of the law relating to transport.”

The Partnership aims to develop a sustainable transportation system for South East Scotland that will enable business to function effectively, and provide everyone living in the region with improved access to healthcare, education, public services and employment opportunities. These aims are embodied in the Regional Transport Strategy (RTS).

The constituent councils of the Partnership are the City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian.

SEStran's Vision Statement is as follows:

“A regional transport system that provides all citizens of South East Scotland with a genuine choice of transport which fulfils their needs and provides travel opportunities for work and leisure on a sustainable basis.”

4. Risks and Uncertainties

The principal risks and uncertainties faced by the Partnership fall into three categories.

Firstly, there is the funding uncertainty faced by all local authorities and RTPs. The Partnership has a range of statutory duties to enact. While every attempt is made to do this within the budget provided, budget reductions may make this less achievable resulting in a reduction in the quality of service provided.

The second category relates to changes in legislation leading to changes in the services to be delivered. This can create pressures from both a financial and organisational perspective.

Thirdly, the longer term impact from the Covid-19 pandemic on all aspects of transport and mobility are expected to be significant. The longer term implications for partner Councils, operators and transport user groups at national, regional and local levels are yet to be determined.

5. Results for the Year

The Partnership is required to present its financial performance as a Comprehensive Income and Expenditure Statement. This can be seen on page 13.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Results for the Year (*continued*)

To show the net position of the Partnership and to allow comparison with the approved revenue budget, it is necessary to adjust the expenditure shown in the Comprehensive Income and Expenditure Statement to take account of a number of items where the statutory accounting requirements differ from the management accounting practice of the Partnership. These adjustments are detailed in Note 2.

The net revenue budget of the Partnership in 2021/22 was £0.972m, funded by Government Grant and Council Contributions. A comparison of the outturn position with the revenue budget and earmarked reserves brought forward (£105,000) is presented in the table below. Key aspects of financial performance in 2021/22 are:

- Overall the Partnership had an underspend of £133,000 which is shown in the table below. The underspend arose due to a combination of underspends on the core revenue budget and projects budget, offset by an overspend on the RTPI project budget;
- The Partnership incurred core service expenditure of £0.588m which was £75,000 below the Core Service revenue budget. The main favourable variances on the Core revenue budget arose from increased staff recharges to EU projects (£63,000) and from decreased expenditure on staff travel (£8,000) and conference costs (£9,000), reflecting ongoing working from home.
- The Partnership incurred expenditure of £1.318m on revenue projects and received external grants and contributions of £0.978m, resulting in net expenditure of £0.340m. Net expenditure was £66,000 under budget, after inclusion of the earmarked reserve brought forward. The main favourable variances on the Projects revenue budget arose on the Sustainable Travel budget (£48,000), the Regional Transport Strategy budget (£32,000) and GO e-Bike budget (£36,000), offset by an adverse variance on the EU projects (£38,000).
- Expenditure of £233,000 on the Real-Time Passenger Information (RTPI) project was partly funded by contributions of £217,000 from other parties, resulting in net expenditure of £16,000. Net expenditure was £8,000 over budget.

| | Revised Budget £'000 | Earmarked Reserves from 20/21 £'000 | Outturn £'000 | Variance £'000 |
|---|----------------------------|--|------------------|-------------------|
| Core Service | 663 | 0 | 588 | (75) |
| Revenue Projects - Net Expenditure | 301 | 105 | 340 | (66) |
| RTPI Project - Net Expenditure | 8 | 0 | 15 | 7 |
| Net Interest | 0 | 0 | 0 | 0 |
| Total Expenditure 2021/22 | 972 | 105 | 943 | (134) |
| Government Grant | (782) | 0 | (782) | 0 |
| Constituent Council Requisitions | (190) | 0 | (190) | 0 |
| Total Government Grant and Council Contributions 2021/22 | (972) | 0 | (972) | 0 |

In accordance with the provisions of the Transport Scotland (2019) Act, the Partnership has agreed a Reserves Policy and established an unallocated reserve of £29,000. Slippage on project delivery from 2021/22 to 2022/23 will be managed by establishment of an earmarked balance, in accordance with the Partnership's Reserves Policy.

Non Financial Results

During 2021/22, the Partnership concluded the key development stages of the new, draft Regional Transport Strategy (RTS) to set the strategic framework for transport plans and decisions within the SEStran region up to 2035. The RTS was developed through consultancy support with partner and stakeholder input sought at key stages, analysis of evidence of transport problems and opportunities and detailed option appraisal. Relevant Statutory Assessments for the new RTS were concluded within 2021/22.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Results for the Year (*continued*)

Non Financial Results (*continued*)

The Partnership was successful in attracting funding for delivery of region-specific strategies, projects and services of benefit to transport users and partners across the region and remained actively involved in a wide range of regional and national strategic activities, and progressed initiatives in response to Covid-19.

- With Active Travel funding from Transport Scotland, the Partnership's Strategic Travel Network plans were further developed. Route plans and feasibility reports for West Lothian and Falkirk Councils were completed and the longitudinal study, surveying travel attitudes through Covid-19, was continued;
- The Partnership progressed its Regional Cycle Network grant scheme. Funding was allocated from Sustrans Scotland for the Edinburgh to BioQuarter route;
- The GO e-Bike stations in East Lothian and Midlothian that utilised funding contribution from Transport Scotland's Low Carbon Travel and Transport (LCTT) Challenge Fund became fully operational;
- With the Partnership receiving a funding grant of up to £150,000 towards the development of Phase 2 of the Thistle Assistance Scheme Journey Planner, development of the app based journey planner commenced through procured developer 'Sentireal'. Work reached advanced stages;
- Work on the SEStran Freight Study resumed once Transport Scotland confirmed acceptance of the Case for Change; the study reached Initial Options stage in the final quarter of 2021/22;
- The Transport Scotland funded transport appraisal for Newburgh reached Business Case stage;
- The upgrade of the Real Time Passenger Information (RTPI) system succeeded in becoming fully operational in November 2021, after resolving technical issues found at the final stage of on site testing;
- Through the SHARE-North project, first stage of the Journey Hub in Musselburgh was completed with EV charging for car club vehicles, electronic information displays and landscaping concept design. This was then expanded with multi-modal travel counters and additional geo-fenced Bewegen e-bike hubs;
- Through the PriMaaS project, the Partnership began development of a Regional Mobility as a Service (MaaS) Action Plan. The PriMaaS project was granted a six month time only extension. Additionally, a bid to Transport Scotland's MaaS Investment Fund was partly successful for a project delivering MaaS, including Demand Responsive Transport elements to be developed in 2022/23;
- Through the BLING project, the Partnership began exploring the potential to test the project's Blockchain Readiness Awareness Tool with commercial operators DHL and ZEDIFY logistics. A project extension of funding and time, to June 2023, was agreed with the project's lead partner;
- Through the Surflogh project, an expansion of the successful first / last mile delivery trial in the Haymarket area by ZEDIFY was agreed with the project's lead partner. Preparatory work for a new hub was finalised and the hub became operational in the Leith area in 2021. Preparatory work on the Perth West logistics hub commenced;
- The Partnership continued to play a key role supporting the Regional Transport Transition Group established in June 2020, including playing a central role supporting the three initial bids from within the region to Transport Scotland's Bus Partnership Fund;
- The Partnership has continued to pursue activities towards its five equalities outcomes, which will guide the Partnership up to 2025.

6. Future Developments

The Partnership developed a Hybrid working policy, facilitating individual and team dialogue and working. Hybrid working arrangements will commence in 2022/23. Ensuring the health, safety and well-being of staff remains the top priority for the Partnership.

The Partnership will continue to make good use of online engagement for meetings, business and events as long as required, in addition to face to face meetings and events. The high levels of engagement from across the region using such methods has benefitted the Partnership and where appropriate this will continue to be a valuable engagement tool.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary *(continued)*

6. Future Developments *(continued)*

The Partnership will actively pursue a range of opportunities for the region that emerged during 2021/22, including leading or supporting the development of Demand Responsive Transport, Mobility as a Service, Bus Service Improvement Partnerships, Thistle Assistance Journey Planning. Increased levels of support from Transport Scotland for active travel network development present an opportunity to enhance funding and delivery of active travel in the region, and in addition the Partnership will continue with the development of cargo bike delivery and bike training.

The development of the new Regional Transport Strategy (RTS) is a core aspect of the Partnership's statutory role and function. It involves the input of SEStran partners and stakeholders. The Partnership will finalise a draft RTS with the Partnership Board in 2022.

The Partnership, alongside other RTPs in Scotland, will continue to work closely with Transport Scotland and partner councils to continually re-evaluate and respond to the new context for transport as it evolves.

It is considered appropriate to adopt a going concern basis for the preparation of the Annual Accounts.

Chair of Partnership Board: COLIN DAVIDSON _____ Date signed:

Partnership Director: JIM GRIEVE _____ Date signed:

Treasurer: HUGH DUNN, CPFA _____ Date signed:

The South East of Scotland Transport Partnership (SESTRAN)

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Partnership's Responsibilities

The Partnership is required:

- to make arrangements for the proper administration of its financial affairs and to secure that the proper officer has the responsibility for the administration of those affairs. In this Partnership, that officer is the Treasurer;
- to manage its affairs to secure economic, efficient and effective use of its 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.

I confirm that these annual accounts were approved for signature by the South East of Scotland Transport Partnership at its Board meeting on 23rd September 2022.

Chair of Partnership

Board:

COLIN DAVIDSON

_____ Date signed:

The Treasurer's Responsibilities

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

In preparing 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 the Annual Accounts give a true and fair view of the financial position of the Partnership at the reporting date and the transactions of the Partnership for the year ended 31st March 2022.

Treasurer:

HUGH DUNN, CPFA

_____ Date signed:

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2021/22

1. Scope of Responsibility

The South East of Scotland Transport Partnership's aim is to develop a transportation system for South East Scotland as outlined in the Partnership's Regional Transport Strategy 2015-2025.

The Partnership is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for and used economically, efficiently, effectively and ethically. The Partnership also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these overall responsibilities Elected Members and Senior Officers are responsible for implementing proper arrangements for the governance of the Partnership's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Partnership has approved and adopted a Local Code of Corporate Governance which is consistent with appropriate corporate governance principles and reflects the requirements of the "Delivering Good Governance in Local Government: Framework (2016)".

This Statement explains how the Partnership delivers good governance and reviews the effectiveness of these arrangements. It also includes a statement on internal financial control in accordance with proper practice.

The Partnership's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

2. The Partnership's Governance Framework

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

The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance:

- Focusing on the purpose of the Partnership and on outcomes for the community, and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Partnership and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

A significant part of the governance framework is the system of internal control which is based on an ongoing process designed to identify and manage the risks to the achievement of the Partnership's policies, aims and objectives. These are defined in the Partnership's Business Plan, which is updated annually. This enables the Partnership to manage its key risks efficiently, effectively, economically and ethically.

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

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2021/22 (*continued*)

2. The Partnership's Governance Framework (*continued*)

While the system of internal control is designed to manage risk at a reasonable level it cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

3. Determining the Partnership's purpose, its vision for the local area and intended outcomes for the Community

The Partnership aims to develop a transportation system for South East Scotland which will enable businesses to function effectively and provide everyone living in the Region with improved access to health care, education, public services and employment opportunities. The vision for achieving this is outlined in the Regional Transport Strategy.

The Business Plan defines how to implement the aims of this strategy and the Annual Report provides a report of performance against objectives, targets and performance indicators as outlined in the Regional Transport Strategy.

4. Review of Effectiveness

The Partnership has put in place arrangements, detailed in the Local Code, for monitoring each element of the framework and providing evidence of compliance. A Principal Officer within the Partnership has been nominated to review the effectiveness of the Local Code.

The review of the effectiveness of its governance framework, including the system of internal financial control is informed by:

- the work of Internal Audit on the adequacy and effectiveness of the Partnership's control environment, governance and risk management frameworks;
- the Partnership Director's Certificate of Assurance on internal control;
- the operation and monitoring of controls by Partnership managers;
- the External Auditors in their Annual Audit Letter and other reports; and
- other inspection agencies comments and reports.

Through the year Elected Members and Officers have responsibility for the development and maintenance of the governance environment. These review mechanisms include:

- **The Partnership Board**, which provides strategic leadership, determines policy aims and objectives and takes executive decisions not delegated to officers. It provides political accountability for the Partnership's performance;
- **The Performance and Audit Committee**, which demonstrates the Partnership's commitment to the principles of good governance, undertaking the core functions of an audit committee as identified in Audit Committees: Practice Guidance for Local Authorities and Policy (CIPFA);
- **The Internal Audit Service** of the City of Edinburgh Council provides an independent and objective assurance service to the Partnership, by completing one review in each financial year that is focused on the adequacy and effectiveness of controls established to manage a key risk of the Partnership. The Partnership seeks to ensure that Internal Audit arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit.
- **The External Auditor's Annual Audit Report** is considered by the Partnership Board and the Performance and Audit Committee, along with the output from other external audits and inspections;
- **The risk management system** requires that risks are regularly reviewed by the Performance and Audit Committee and Board. This ensures that actions are taken to effectively manage the Partnership's highest risks;

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2021/22 (*continued*)

4. Review of Effectiveness (*continued*)

- **The Partnership Secretary** is responsible to the Partnership for ensuring that agreed procedures are followed. The Partnership has a contractual arrangement with an external Legal Services provider to ensure all applicable statutes and regulations are complied with.
- The Partnership operates Anti-Bribery, Anti-Fraud and Corruption policies in accordance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.
- **CIPFA Financial Management Code**
A requirement of the Annual Governance Statement is to disclose compliance with the CIPFA Financial Management (FM) Code and identify any outstanding areas for improvement or change. The Code is designed to support good practice and assist local government organisations in demonstrating their financial sustainability and resilience, by setting out expected standards of financial management.
The Partnership has undertaken an evaluation of compliance with the Financial Management Code
The Partnership's financial management arrangements are assessed as being compliant with the FM Code.

5. Internal Audit Opinion

During the year, Internal Audit undertook one review that assessed the adequacy of design and operating effectiveness of the key controls established by the Partnership to support design of their Active Travel network development responsibilities, and effective management and allocation of external funding. Progress with implementation of the two medium rated Internal Audit recommendations raised in the Covid-19 Resilience Arrangements review completed in May 2021 was also considered. The control environment, governance and risk management frameworks were assessed as being adequately designed and operating effectively, providing assurance that risks are being effectively managed, and that the Partnership's objectives should be achieved.

6. Coronavirus Pandemic

During the Covid 19 pandemic, meetings of the Partnership were held online. The Partnership continues to make use of online engagement for meetings, business and events, in addition to face to face meetings.

7. Partnership Board Membership

Following the Local Government Election of May 2022, seventeen new councillors have been appointed to the Partnership by the Partnership's constituent councils, with three councillors returning to the Partnership. A new Partnership Chairperson and two new Deputy Chairpersons have been appointed.
Five new non-Council Members were appointed to the Partnership during 2021/22. Four non-Council Members returned to the Partnership Board, following an appointment process.

8. Certification

In compliance with accounting practice, the Treasurer has provided the Partnership Director with a statement on the adequacy and effectiveness of the Partnership's internal financial control system for the year ended 31st March 2022. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system.

9. From this year's review, there is reasonable assurance that the Local Code of Corporate Governance is operating adequately, with overall compliance by the Partnership with its corporate governance arrangements.
10. The Partnership's governance arrangements and systems are confirmed as being operational and current at the date of signing of this Annual Governance Statement.

Chair of Partnership

Board: COLIN DAVIDSON _____

Date signed:

Partnership Director:

JIM GRIEVE _____

Date signed:

The South East of Scotland Transport Partnership (SESTRAN)

REMUNERATION REPORT

1. Remuneration Policy for Senior Employees

The Partnership Board determines remuneration for senior employees with reference to the level of responsibility of the post. The Partnership does not operate a Remuneration Committee. Annual inflationary increases are based on those agreed by the Scottish Joint Negotiating Committee (SJNC) for Local Authority services.

2. Remuneration for Senior Councillors

The Partnership does not provide any remuneration to senior councillors.

Expenses paid to Board members are detailed in note 19 to the annual accounts.

3. Management of Remuneration Arrangements

The remuneration of the Partnership's employees is administered by the City of Edinburgh Council, as part of a service level agreement with the Partnership.

4. Officers Remuneration

The numbers of employees whose remuneration during the year exceeded £50,000 were as follows:

| Remuneration Bands | 2021/22 | 2020/21 |
|--------------------|---------|---------|
| £60,000 - £64,999 | 1 | 1 |
| £80,000 - £84,999 | 0 | 1 |
| £85,000 - £89,999 | 1 | 0 |

5. Senior Employees Remuneration

The remuneration paid to the Partnership's senior employees is as follows:

| Name and Post Title | Salary, Fees and Allowances £ | Compensation £ | Total Remuneration 2021/22 £ | Total Remuneration 2020/21 £ |
|-----------------------------------|----------------------------------|-------------------|------------------------------------|------------------------------------|
| Jim Grieve - Partnership Director | 85,512 | 0 | 85,512 | 82,529 |
| | 85,512 | 0 | 85,512 | 82,529 |

The senior employees detailed above have/ had responsibility for management of the Partnership to the extent that they have power to direct or control the major activities of the Partnership (including activities involving the expenditure of money), during the year to which the Remuneration Report relates, whether solely or collectively with other persons.

6. Senior Employees Pension Entitlement

The pension entitlement of the Partnership's senior employee(s) is as follows:

| Name and Post Title | In-year pension contributions | | | Accrued pension benefits | |
|-----------------------------------|-------------------------------|--------------|----------|------------------------------|--|
| | 2021/22 £ | 2020/21 £ | | As at 31 March 2022 £'000 | Difference from 31 March 2021 £'000 |
| Jim Grieve - Partnership Director | 28,305 | 21,240 | Pension | 3 | 2 |
| | | | Lump Sum | 0 | 0 |
| | 28,305 | 21,240 | | | |

The senior employee shown in the table above became a member of the Local Government Pension Scheme (LGPS) in August 2020.

The South East of Scotland Transport Partnership (SESTRAN)

REMUNERATION REPORT *(continued)*

7. Pension Entitlement

Pension benefits for the Partnership's employees are provided through the Local Government Pension Scheme (LGPS). For the Partnership's employees, the Local Government Pension Scheme (LGPS) became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

The scheme's normal retirement age for employees is linked to the state pension age (but with a minimum of age 65).

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

The tiers and members contributions rates for 2021-22 were as follows:

| | Contribution rate |
|--|-------------------|
| Whole Time Pay | |
| On earnings up to and including £22,300 (2020/2021 £22,200) | 5.50% |
| On earnings above £22,300 and up to £27,300 (2020/2021 £22,200 to £27,100) | 7.25% |
| On earnings above £27,300 and up to £37,400 (2020/2021 £27,100 to £37,200) | 8.50% |
| On earnings above £37,400 and up to £49,900 (2020/2021 £37,200 to £49,600) | 9.50% |
| On earnings above £49,900 (2020/2021 £49,600) | 12.00% |

From April 2015, when allocating contribution rates to members, pensionable pay means the actual pensionable pay, regardless of hours worked.

There is no automatic entitlement to a lump sum for members who joined the scheme post April 2009. Members may opt to give up (commute) pension for lump sum or bigger lump sum up to the limit set by the Finance Act 2004.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation - assuming that the person left the related employment or service as at 31st March in the year to which the value relates.

8. Exit Packages

Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

| Exit Package Cost Band | Number of Compulsory Redundancies | | Number of Other Agreed Departures | | Total Number of Exit Packages by Cost Band | Total Cost of Exit Packages in Each Band | |
|------------------------|-----------------------------------|---|-----------------------------------|---|--|--|-------|
| | | | | | | £'000 | £'000 |
| All Cost Bands | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

All information disclosed in the tables at paragraphs 4, 5, 6 and 8 in this Remuneration Report has been audited.

The other sections of the Remuneration Report will be reviewed by the appointed auditor to ensure that they are consistent with the annual accounts.

Chair of Partnership

Board: COLIN DAVIDSON

Date signed :

Partnership Director:

JIM GRIEVE

Date signed :

The South East of Scotland Transport Partnership (SESTRAN)

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on different reserves held by the Partnership, analysed into "Usable Reserves" (that is, those that can be applied to fund expenditure) and "Unusable Reserves". The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Partnership's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Partnership.

Re-stated

2020/21 - Previous Year Comparative

Opening Balances at 1 April 2020

Movement in reserves during 2020/21

Surplus or (Deficit) on Provision of Services
Other Comprehensive Expenditure and Income

Total Comprehensive Expenditure and Income

Adjustments between accounting basis & funding basis under
regulations (Note 7)

Increase/Decrease in 2020/21

Balance at 31 March 2021 carried forward

| Usable Reserves | | Unusable Reserves | Total Partnership Reserves |
|----------------------|-----------------------|-------------------|----------------------------|
| General Fund Balance | Total Usable Reserves | | |
| £'000 | £'000 | £'000 | £'000 |
| 189 | 189 | (362) | (173) |
| | | | |
| (117) | (117) | 0 | (117) |
| 0 | 0 | (323) | (323) |
| | | | |
| (117) | (117) | (323) | (440) |
| | | | |
| 62 | 62 | (62) | 0 |
| | | | |
| (55) | (55) | (385) | (440) |
| | | | |
| 134 | 134 | (747) | (613) |

2021/22 - Current Financial Year

Opening Balances at 1 April 2021

Movement in reserves during 2021/22

Surplus or (Deficit) on Provision of Services
Other Comprehensive Expenditure and Income

Total Comprehensive Expenditure and Income

Adjustments between accounting basis & funding basis under
regulations (Note 7)

Increase/Decrease in 2021/22

Balance at 31 March 2022 carried forward

| Usable Reserves | | Unusable Reserves | Total Partnership Reserves |
|----------------------|-----------------------|-------------------|----------------------------|
| General Fund Balance | Total Usable Reserves | | |
| £'000 | £'000 | £'000 | £'000 |
| 134 | 134 | (747) | (613) |
| | | | |
| (155) | (155) | 0 | (155) |
| 0 | 0 | 509 | 509 |
| | | | |
| (155) | (155) | 509 | 354 |
| | | | |
| 183 | 183 | (183) | 0 |
| | | | |
| 28 | 28 | 326 | 354 |
| | | | |
| 162 | 162 | (421) | (259) |

The South East of Scotland Transport Partnership (SESTRAN)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2021/22

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded by government grant, council requisitions and other income.

| Re-stated 2020/21 | | | 2021/22 | | | |
|-------------------------------|--------------------------|-----------------------------|---|-------------------------------|--------------------------|-----------------------------|
| Gross Expenditure £'000 | Gross Income £'000 | Net Expenditure £'000 | Services | Gross Expenditure £'000 | Gross Income £'000 | Net Expenditure £'000 |
| 683 | (6) | 677 | Core | 750 | 0 | 750 |
| 858 | (461) | 397 | Projects | 1,335 | (979) | 356 |
| 1,541 | (467) | 1,074 | Cost Of Services | 2,085 | (979) | 1,106 |
| 65 | (50) | 15 | Financing & Investment Income (Note 9) | 71 | (50) | 21 |
| 0 | (972) | (972) | Taxation and Non-Specific Grant Income (Note 10) | 0 | (972) | (972) |
| 1,606 | (1,489) | 117 | (Surplus) or Deficit on Provision of Services | 2,156 | (2,001) | 155 |
| | | | Other Comprehensive Income and Expenditure | | | |
| 0 | (99) | (99) | Change in Demographic Assumptions | 0 | (18) | (18) |
| 775 | 0 | 775 | Change in Financial Assumptions | 0 | (277) | (277) |
| 0 | (45) | (45) | Other Experience | 8 | 0 | 8 |
| 0 | (308) | (308) | Return on Assets excluding amounts included in net interest | 0 | (222) | (222) |
| 775 | (452) | 323 | Total Other Comprehensive Income and Expenditure | 8 | (517) | (509) |
| 2,381 | (1,941) | 440 | Total Comprehensive Income and Expenditure | 2,164 | (2,518) | (354) |

The South East of Scotland Transport Partnership (SESTRAN)

BALANCE SHEET

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

| Re-stated 31 March 2021 £'000 | | Note | 31 March 2022 £'000 |
|--|--|------|---------------------------|
| 257 | Property, plant and equipment | 11 | 173 |
| 257 | Long term assets | | 173 |
| 654 | Short-term debtors | 13 | 840 |
| 0 | Provision for Bad Debts | 14 | 0 |
| 320 | Cash and cash equivalents | 15 | 95 |
| 974 | Current assets | | 935 |
| (150) | Contributions and Grants Received in Advance | | (40) |
| (704) | Short-term creditors | 16 | (747) |
| (854) | Current liabilities | | (787) |
| (990) | Other long-term liabilities (Pensions) | 24 | (580) |
| (990) | Long-term liabilities | | (580) |
| (613) | Net assets/ (liabilities) | | (259) |
| | Financed by: | | |
| 134 | Usable reserves | 17 | 161 |
| (747) | Unusable reserves | 18 | (420) |
| (613) | Total reserves | | (259) |

The unaudited Annual Accounts were issued on the 10th June 2022.

The audited financial statements were authorised for issue on 23rd September 2022

Treasurer: HUGH DUNN, CPFA

Date signed: _____

The South East of Scotland Transport Partnership (SESTRAN)

CASH FLOW STATEMENT

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

| 31 March 2021 £'000 | 31 March 2021 £'000 | | 31 March 2022 £'000 | 31 March 2022 £'000 |
|---------------------------|---------------------------|---|---------------------------|---------------------------|
| | | OPERATING ACTIVITIES | | |
| (782) | | Government Grants | (782) | |
| (190) | | Constituent Council Requisitions | (190) | |
| (1) | | Interest paid/ (received) | 0 | |
| (924) | | Other receipts from operating activities | (807) | |
| | (1,897) | Cash inflows generated from operating activities | | (1,779) |
| 561 | | Cash paid to and on behalf of employees | 562 | |
| 1,068 | | Cash paid to suppliers of goods and services | 1,478 | |
| | 1,629 | Cash outflows generated from operating activities | | 2,040 |
| | (268) | Net cash flows from operating activities | | 261 |
| | | INVESTING ACTIVITIES | | |
| 99 | | Purchase of property, plant and equipment | 10 | |
| 0 | | Proceeds from the sale of property, plant and equipment | (46) | |
| | 99 | Net cash flows from investing activities | | (36) |
| | | FINANCING ACTIVITIES | | |
| 0 | | Other receipts from financing activities | 0 | |
| | 0 | Net cash flows from financing activities | | 0 |
| | (169) | Net(increase)/ decrease in cash and cash equivalents | | 225 |
| | 151 | Cash and cash equivalents at the beginning of the reporting period | | 320 |
| | 320 | Cash and cash equivalents at the end of the reporting period (Note 15) | | 95 |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

1.1 Accounting Policies

The Annual Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice in the United Kingdom (the Code). This is to ensure that the Annual Accounts "present a true and fair view" of the financial position and transactions of the Partnership.

The Annual Accounts have been prepared on an historic cost basis, modified by the valuation of pension assets and liabilities and property, plant and equipment, where appropriate.

1.2 Revenue Expenditure

Revenue expenditure is that which does not yield benefit beyond the year of account. In broad terms the revenue expenditure of the Partnership can be divided into two categories:

- employees;
- day-to-day operating expenses, includes costs incurred in respect of office accommodation transport, ICT, and project expenditure.

1.3 Revenue Income

Revenue income is that which does not yield benefit beyond the year of account. In broad terms the revenue income of the Partnership can be divided into the following categories:

- Council requisitions, which fund day to day expenditure;
- European Union, Scottish Government and other grant income awarded to fund specific projects;
- other income recoveries to fund specific projects.

1.4 Accruals of Expenditure and Income

The revenue account has been prepared on an accruals basis in accordance with the Code of Practice. Amounts estimated to be due to or from the Partnership, which are still outstanding at the year end, are included in the accounts. Government Grants have been accounted for on an accruals basis.

1.5 Operating Leases

a) Leased-in assets

Rental payments under operating leases are charged to the Comprehensive Income and Expenditure Statement on a straight line basis over the life of the lease.

b) Leased-out assets

The Partnership has not identified any leased-out assets that fall under the definition of operating leases.

1.6 Overheads

The cost of service in the Comprehensive Income and Expenditure Statement includes the Partnership's overheads.

1.7 Charges to the Comprehensive Income and Expenditure Statement for use of non-current assets

Charges are made to the Comprehensive Income and Expenditure Statement for the use of non-current assets, through depreciation charges. The aggregate charge to individual services is determined on the basis of the assets used in each service.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES *(continued)*

1.8 Employee Benefits

Pensions

The Partnership is an admitted body to the Local Government Pension Scheme (LGPS) which is administered by Lothian Pension Fund. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

The Annual Accounts have been prepared including pension costs, as determined under International Accounting Standard 19 – Employee Benefits (IAS 19). The cost of service in the Comprehensive Income and Expenditure Statement includes expenditure equivalent to the amount of retirement benefits the Partnership has committed to during the year. Pensions interest cost and the expected return on pension assets have been included in the “Surplus or Deficit on the Provision of Services” within the Comprehensive Income and Expenditure Statement.

The pension costs charged to the Comprehensive Income and Expenditure Statement in respect of employees are not equal to contributions paid to the funded scheme for employees. The amount by which pension costs under IAS19 are different from the contributions due under the pension scheme regulations are disclosed in the Movement in Reserves Statement for the General Fund.

Pension assets have been valued at bid value (purchase price), as required under IAS19.

Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

Accruals of Holiday Leave

Cost of service includes a charge for annual leave to which employees are entitled, but have not taken as at the Balance Sheet date. The Partnership is not required to raise requisitions on constituent councils to cover the cost of accrued annual leave. These costs are therefore replaced by revenue provision in the Movement in Reserves Statement for the General Fund balance by way of an adjusting transaction with the Accumulated Absence Account.

1.9 Non Current Assets

Property, Plant and Equipment

Property, Plant and Equipment is categorised into the following classes:

- Vehicles, plant and equipment;
- Assets under construction;

Recognition:

- Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment has been capitalised on an accruals basis;

Depreciation:

- Depreciation is provided on all Property, Plant and Equipment;
- The Partnership provides depreciation on its Property, Plant and Equipment from the month when it comes into use. Thereafter depreciation is provided on a straight line basis over the expected life of the asset. No depreciation is provided on Assets Under Construction.

Measurement:

Property, Plant and Equipment are included in the Balance Sheet at the lower of net current replacement cost or net realisable value in existing use, net of depreciation.

1.10 Government Grants and Other Contributions

• Revenue

Revenue grants and other contributions have been included in the financial statements on an accruals basis.

Where such funds remain unapplied at the Balance Sheet date, but approval has been given to carry these funds forward to the next financial year, the funds have been accrued.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES (*continued*)

1.1 Government Grants and Other Contributions (*continued*)

• Capital

Capital grants and contributions are recognised in the Comprehensive Income and Expenditure Statement, except to the extent there are conditions attached to them that have not been met.

Where there are no conditions attached to capital grants and contributions, these funds are a reconciling item in the Movement in Reserves Statement by way of an adjusting transaction with the capital adjustment account where expenditure has been incurred and the unapplied capital grants account, where expenditure has not been incurred.

Where there are outstanding conditions attached to capital grants and contributions that have not been met by the Balance Sheet date, the grant or the contribution will be recognised as part of capital grants in advance. Once the condition has been met, the grant or contribution will be transferred from capital grants received in advance and recognised as income in the Comprehensive Income and Expenditure Statement.

1.11 Provisions

Provisions are made for liabilities of uncertain timing or amount that have been incurred.

The value of provisions is based upon the Partnership's obligations arising from past events, the probability that a transfer of economic benefit will take place, and a reasonable estimate of the obligation.

1.12 Reserves

Reserves held on the Balance Sheet are classified as either usable or unusable. Unusable reserves cannot be applied to fund expenditure. The Transport Scotland (2019) Act permits the Partnership to operate a usable reserve. In March 2020 a Reserves Policy was approved, permitting the Partnership to hold a general reserve with a minimum value of 5% of annual Core budget. Balances held in excess of 5% require to be reviewed annually in-line with risk/identified commitments. The Partnership also operates a General Fund reserve to manage slippage on approved Project budget delivery.

The Partnership operates the following unusable reserves:

a) **Pension Reserve**

The Partnership operates a Pensions Reserve Fund under the terms of the Local Government Pension Reserve Fund (Scotland) Regulations 2003. The Pension Reserve represents the net monies which the Partnership requires to meet its net pension liability as calculated under IAS 19, Employee Benefits;

b) **Capital Adjustment Account**

The Capital Adjustment Account represents movement in the funding of assets arising either from capital resources such as capital receipts, or capital funded directly from revenue contributions;

c) **Accumulated Absences Account**

This represents the net monies which the Partnership requires to meet its short-term compensated absences for employees under IAS19.

1.13 Financial Instruments

Financial Assets

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Surplus funds held on behalf of the Partnership are managed by the City of Edinburgh Council under a formal management agreement in a pooled investment arrangement.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES (*continued*)

1.14 Cash and Cash Equivalents

Cash and cash equivalents include:

- Credit and debit funds held in banks

1.15 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Partnership a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Partnership.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.16 Value Added Tax

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

1.17 Events After the Reporting Period

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

Two types of events can be identified:

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

1.18 Short Term Debtors and Short Term Creditors

The revenue transactions of the Partnership are recorded on an accruals basis which means that amounts due to or from the Partnership, but still outstanding at the year end, are included in the accounts. Where there was insufficient information available to provide actual figures, estimates have been included.

1.19 Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Partnership's financial position or performance.

Changes in accounting estimates are accounted for prospectively; i.e. in the current and future years affected by the change.

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

1.20 Going Concern

It is considered appropriate to adopt a going concern basis for the preparation of the Annual Accounts, given ongoing Regional Transport Partnership grant funding provided by Scottish Ministers under Section 70 of the Transport (Scotland) Act 2001 and constituent councils obligation to meet the net expenses of the Partnership under Section 3 of the Transport (Scotland) Act 2005.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

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

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2021/22 Code. For 2021/22 the following accounting policy changes that need to be reported relate to annual improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes four changed standards:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS;
- IAS 37 (Onerous contracts) – clarifies the intention of the standard;
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material;
- IAS 41 (Agriculture) – only expected to apply to local authorities in limited circumstances.

CIPFA/LASAAC does not envisage the changes having a significant effect on local authority financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Partnership has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Annual Accounts are:

- There is high degree of uncertainty about future levels of funding for local government. The Partnership has determined that this uncertainty is not yet sufficient to provide an indication that the Partnership's assets might be impaired as a result of a need to reduce service provision;
- Local Government Pension Scheme - Guaranteed minimum pension (GMP). The interim solution to avoid inequalities between men and women's benefits following the introduction of the Single State Pension in 2016 resulted in a recalculation of pension liabilities for the estimated impact of GMP indexation changes. The Partnership's actuary's understanding is that the further Lloyd's ruling is unlikely to have a significant impact on the pension obligations of a typical employer. As the historic individual member data required to assess an impact is not readily available, the Partnership's actuary has not made any allowance for this within the pension liability calculation;
- Local Government Pension Scheme (LGPS) - McCloud judgement. An allowance for the estimated impact of the McCloud judgement was included within the 31 March 2021 valuation position. The impact was calculated based on the eligibility criteria of being included within the proposed solution for the McCloud judgement (i.e. any active member who was a participant in the Fund as at 1 April 2012 will be given the greater of the final salary pension or CARE pension upon retirement). The McCloud allowance is therefore included in the 31 March 2022 pension liability;
- The Goodwin case judgement, in respect of deemed discrimination in spousal transfer on death of a member, may also result in the potential increasing of the pension liabilities. Whilst there is still uncertainty surrounding the potential remedy to the Goodwin judgement, the Partnership's actuary has undertaken analysis to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The approximate impact of this is very small for a typical Fund (c 0.1-0.2% of obligations). The Partnership's actuary does not believe there are sufficient grounds to apply an additional adjustment to account for this;
- The Walker and O'Brien court cases may impact on future LGPS benefits. The Partnership's actuary understands these are unlikely to be significant judgements in terms of impact on the pension obligations of a typical employer. As a result, and until further guidance is released from the relevant governing bodies in the LGPS, no allowance has been made for the potential remedies for these judgements.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

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

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

The items in the Partnership's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are:

4.1 Pension Liabilities

Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Partnership with expert advice about the assumptions to be applied.

Effect if Actual Result Differs from Assumptions

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data for cash contribution setting purposes. For LGPS Funds, asset investment returns have been greater than expected compared to last year's accounting date assumption. The net discount rate assumption has increased by more than the increase in the CPI assumption, which has resulted in a gain on the balance sheet position. For a medium duration LGPS employer, this could be of the order of 6-8% of obligations. Using more up-to-date longevity assumption has also led to a small gain on the obligations.

Under accounting guidance, employers are expected to disclose the sensitivity of the valuation to key assumptions. The following table shows the sensitivity of the results to the changes in the assumptions used to measure the scheme liabilities, including approximate percentage changes and monetary values:

| | Approximate % increase to Defined Benefit Obligation | Approximate monetary amount (£000) |
|--|---|---------------------------------------|
| 0.1% decrease in Real Discount Rate | 2% | 76 |
| 1 year increase in member life expectancy | 4% | 136 |
| 0.1% increase in the Salary Increase Rate | 0% | 2 |
| 0.1% increase in the Pension Increase Rate | 2% | 73 |

5. EVENTS AFTER THE BALANCE SHEET DATE

The Unaudited Annual Accounts were authorised for issue on 10th June 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31st March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There were no events which took place after 31st March 2022 which would materially affect the 2021/22 Annual Accounts.

Following the Scottish Local Government Elections on 5th May 2022, Constituent Councils have progressed appointment of their membership to the Partnership. The first meeting of the new Partnership Board is due to take place on 17th June 2022.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

6. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by the Partnership in comparison with those resources consumed or earned by the Partnership in accordance with general accounting practice. It also shows how this expenditure is allocated for decision making purposes between service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES) (see page 13).

Expenditure and Funding Analysis

| | Net Expenditure Chargeable to the General Fund | Adjustments | Net Expenditure in the CIES |
|--|--|-------------|-----------------------------------|
| 2021/22 | £'000 | £'000 | £'000 |
| Core | 588 | 162 | 750 |
| Projects | 356 | 0 | 356 |
| Net Cost of Services | 944 | 162 | 1,106 |
| Other Income and Expenditure | | | |
| Government grant | (782) | 0 | (782) |
| Constituent council requisitions | (190) | 0 | (190) |
| Interest Received | 0 | 0 | 0 |
| Net pension interest cost | 0 | 21 | 21 |
| (Surplus) or deficit on the provision of services | (28) | 183 | 155 |
| | | | |
| | Net Expenditure Chargeable to the General Fund | Adjustments | Net Expenditure in the CIES |
| Re-stated 2020/21 | £'000 | £'000 | £'000 |
| Core | 563 | 115 | 678 |
| Projects | 463 | (67) | 396 |
| Net Cost of Services | 1,026 | 48 | 1,074 |
| Other Income and Expenditure | | | |
| Government grant | (782) | 0 | (782) |
| Constituent council requisitions | (190) | 0 | (190) |
| Interest Received | 0 | 0 | 0 |
| Net pension interest cost | 0 | 15 | 15 |
| (Surplus) or deficit on the provision of services | 54 | 63 | 117 |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

6. EXPENDITURE AND FUNDING ANALYSIS (*continued*)

Expenditure and Funding Analysis (*continued*)

6.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts:

| | Adjusts. For Capital Purposes £'000 | Net Change for Pensions Adjusts. £'000 | Other Differences £'000 | Total Statutory Adjusts. £'000 |
|--|--|---|-------------------------------|--------------------------------------|
| 2021/22 | | | | |
| Core | 84 | 78 | 0 | 162 |
| Projects | 0 | 0 | 0 | 0 |
| Net Cost of Services | 84 | 78 | 0 | 162 |
| Other Income and Expenditure | | | | |
| Net pension interest cost | 0 | 21 | 0 | 21 |
| (Surplus) or deficit on the provision of services | 84 | 99 | 0 | 183 |
| Re-stated 2020/21 | | | | |
| Core | 119 | (9) | 5 | 115 |
| Projects | (67) | 0 | 0 | (67) |
| Net Cost of Services | 52 | (9) | 5 | 48 |
| Other Income and Expenditure | | | | |
| Net pension interest cost | 0 | 15 | 0 | 15 |
| (Surplus) or deficit on the provision of services | 52 | 6 | 5 | 63 |

- Adjustments for capital purposes include the removal of depreciation and impairment costs, and the inclusion of capital funded from current revenue.
- Net changes for pensions adjustment relates to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.
- Other differences relate to the reversal of the value of entitlement to accrued leave.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

6. EXPENDITURE AND FUNDING ANALYSIS *(continued)*

6.2 Segmental Analysis of Income included in Expenditure and Funding Analysis

| | Core £'000 | Projects £'000 | Total £'000 |
|---|---------------|-------------------|----------------|
| 2021/22 | | | |
| Expenditure | | | |
| Employee expenses | 403 | 0 | 403 |
| Other service expenses | 185 | 1,335 | 1,520 |
| Total Expenditure | 588 | 1,335 | 1,923 |
| Income | | | |
| Government grants and other contributions | 0 | (979) | (979) |
| Total Income | 0 | (979) | (979) |
| Net Cost of Services | 588 | 356 | 944 |
| Re-stated 2020/21 | | | |
| Expenditure | | | |
| Employee expenses | 389 | 0 | 389 |
| Other service expenses | 180 | 924 | 1,104 |
| Total Expenditure | 569 | 924 | 1,493 |
| Income | | | |
| Government grants and other contributions | (6) | (461) | (467) |
| Total Income | (6) | (461) | (467) |
| Net Cost of Services | 563 | 463 | 1,026 |

6.3 Expenditure and Income Analysed by Nature

The Partnership's expenditure and income, as set out within the Comprehensive Income and Expenditure Statement is analysed as follows:

| | 31st March 2022 £'000 | Re-stated 31st March 2021 £'000 |
|--|-----------------------------|--|
| Expenditure | | |
| Employee expenses | 481 | 384 |
| Other service expenses | 1,726 | 1,037 |
| Depreciation, amortisation and impairment | 94 | 119 |
| Interest payments | 71 | 65 |
| Total Expenditure | 2,372 | 1,605 |
| Income | | |
| Fees, charges and other service income | 0 | (5) |
| Interest and investment income | (50) | (50) |
| Income from constituent councils | (190) | (190) |
| Government grants and other contributions | (1,977) | (1,243) |
| Total Income | (2,217) | (1,488) |
| (Surplus) or Deficit on the Provision of Services | 155 | 117 |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

| 2021/22 | Usable Reserves | Unusable Reserves | | | |
|---|----------------------|----------------------------|-----------------------------|-----------------|------------------------------|
| | General Fund Balance | Capital Adjustment Account | Accumulated Absence Account | Pension Reserve | Movement in Unusable Reserve |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Adjustments primarily involving the Capital Adjustment Account | | | | | |
| Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES) | | | | | |
| Charges for depreciation and impairment of non-current assets | 84 | (84) | | | (84) |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement (CIES) | | | | | |
| Contributions credited to the CIES that have been applied to capital financing | 0 | 0 | | | 0 |
| Adjustments primarily involving the Pensions Reserve | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | 228 | | | (228) | (228) |
| Employer's pension contributions and direct payments to pensioners payable in the year | (129) | | | 129 | 129 |
| Adjustments primarily involving the Accumulated Absence Account | | | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 0 | | 0 | | 0 |
| Total Adjustments | 183 | (84) | 0 | (99) | (183) |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

(continued)

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

| Re-stated 2020/21 | Usable Reserves | Unusable Reserves | | | |
|---|-------------------------|----------------------------------|-----------------------------------|--------------------|------------------------------------|
| | General Fund Balance | Capital Adjustment Account | Accumulated Absence Account | Pension Reserve | Movement in Unusable Reserve |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Adjustments primarily involving the Capital Adjustment Account | | | | | |
| Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES) | | | | | |
| Charges for depreciation and impairment of non-current assets | 119 | (119) | | | (119) |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement (CIES) | | | | | |
| Contributions credited to the CIES that have been applied to capital financing | (67) | 67 | | | 67 |
| Adjustments primarily involving the Pensions Reserve | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | 136 | | | (136) | (136) |
| Employer's pension contributions and direct payments to pensioners payable in the year | (130) | | | 130 | 130 |
| Adjustments primarily involving the Accumulated Absence Account | | | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 4 | | (4) | | (4) |
| Total Adjustments | 62 | (52) | (4) | (6) | (62) |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

8. TRANSFERS TO/FROM EARMARKED RESERVES

In accordance with the provisions of the Transport Scotland (2019) Act, the Partnership has agreed a Reserves Policy. An earmarked balance will be established to meet slippage on project delivery from 2021/22 to 2022/23.

9. FINANCING AND INVESTMENT INCOME

| | 2021/22 £'000 | 2020/21 £'000 |
|--------------------------------|------------------|------------------|
| Interest income on plan assets | (50) | (50) |
| Interest Received | 0 | 0 |
| Pensions interest cost | 71 | 65 |
| | <hr/> 21 | <hr/> 15 |

10. TAXATION AND NON SPECIFIC GRANT INCOME

| | 2021/22 £'000 | 2020/21 £'000 |
|----------------------------------|------------------|------------------|
| Government Grant | (782) | (782) |
| Constituent Council Requisitions | (190) | (190) |
| | <hr/> (972) | <hr/> (972) |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Movements on balances:

| Movements in 2021/22 | Vehicles Plant and Equipment £'000 | Assets Under Construction £'000 | Total Property Plant and Equipment £'000 |
|--|---|--|---|
| Cost or Valuation | | | |
| At 1st April 2021 | 787 | 137 | 924 |
| Additions | 10 | 0 | 10 |
| Transfers | 88 | (88) | 0 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 0 | (21) | (21) |
| At 31st March 2022 | 885 | 28 | 913 |
| Accumulated Depreciation | | | |
| At 1st April 2021 | (667) | 0 | (667) |
| Depreciation charge | (73) | 0 | (73) |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 0 | 0 | 0 |
| At 31st March 2022 | (740) | 0 | (740) |
| Net Book Value | | | |
| At 31st March 2022 | 145 | 28 | 173 |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

11. PROPERTY, PLANT AND EQUIPMENT *(continued)*

11.2 Movements on balances:

Comparative Movements in 2020/21

| Cost or Valuation | Vehicles Plant and Equipment £'000 | Re-stated Assets Under Construction £'000 | Total Property Plant and Equipment £'000 |
|--|---|--|--|
| At 1st April 2020 | 791 | 70 | 861 |
| Additions | 0 | 113 | 113 |
| Transfers to other bodies | | (46) | (46) |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | (4) | 0 | (4) |
| At 31st March 2021 | 787 | 137 | 924 |
| Accumulated Depreciation | | | |
| At 1st April 2020 | (552) | 0 | (552) |
| Depreciation charge | (119) | 0 | (119) |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 4 | 0 | 4 |
| At 31st March 2021 | (667) | 0 | (667) |
| Net Book Value | | | |
| At 31st March 2021 | 120 | 137 | 257 |

11.3 Depreciation

The following useful lives have been used in the calculation of depreciation:

- Vehicles, plant and equipment: 4 - 5 years

The Partnership provides depreciation on its Property, Plant and Equipment from the month when it comes into use.

11.4 Capital Commitments

As at 31st March 2022, the Partnership has committed to purchase two wayfinding panels at a cost of £20,000.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

12. FINANCIAL INSTRUMENTS

12.1 Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Partnership and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Partnership.

The Partnership's financial liabilities held during the year comprised:

- Trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Partnership that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Partnership.

The Partnership's financial assets held during the year comprised:

- Cash in hand;
- Cash and cash equivalents (Loans and receivables). The Partnership maintains its funds as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council, but is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Partnership. Interest is given on month end net indebtedness balances between the Council;
- Trade receivables for goods and services provided.

12.2 Financial Instruments - Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories

| | Current | |
|-----------------|-----------------------------|-----------------------------|
| | 31st March 2022 £'000 | 31st March 2021 £'000 |
| Trade creditors | 718 | 633 |

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

| | Current | |
|-----------------------|-----------------------------|-----------------------------|
| | 31st March 2022 £'000 | 31st March 2021 £'000 |
| Loans and receivables | 529 | 618 |
| Trade debtors | 287 | 193 |
| | 816 | 811 |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

12. FINANCIAL INSTRUMENTS *(continued)*

12.3 Financial Instruments - Fair Values

The financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Since all of the Partnership's loans and receivables mature within the next 12 months, the carrying amount has been assumed to approximate to fair value. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

| Financial Liabilities | 31 March 2022 | | 31 March 2021 | |
|-----------------------|---------------|------------|---------------|------------|
| | Carrying | Fair | Carrying | Fair |
| | Amount | Value | Amount | Value |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 718 | 718 | 633 | 633 |
| | | | | |
| Financial Assets | 31 March 2022 | | 31 March 2021 | |
| | Carrying | Fair | Carrying | Fair |
| | Amount | Value | Amount | Value |
| | £'000 | £'000 | £'000 | £'000 |
| Loans and receivables | 529 | 529 | 618 | 618 |
| Trade debtors | 287 | 287 | 193 | 193 |
| | <u>816</u> | <u>816</u> | <u>811</u> | <u>811</u> |

12.4 Income, Expenses, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

| | 31st March 2022 £'000 | 31st March 2021 £'000 |
|--|-----------------------------|-----------------------------|
| Total expense and income in Surplus or Deficit on the Provision of Services: | | |
| Interest Income | 0 | 0 |

13. DEBTORS

| | 31st March 2022 £'000 | 31st March 2021 £'000 |
|--------------------------------|-----------------------------|-----------------------------|
| Debtors: | | |
| Central government bodies | 315 | 367 |
| Other local authorities | 254 | 61 |
| HM Customs and Excise - VAT | 20 | 43 |
| Other entities and individuals | 251 | 183 |
| | <u>840</u> | <u>654</u> |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

14. PROVISION FOR BAD DEBTS

| Cost or Valuation | 31st March 2022 £'000 | 31st March 2021 £'000 |
|---|-----------------------------|-----------------------------|
| Opening Balance | 0 | 0 |
| Provision made during year | 0 | 0 |
| Unused amounts reversed during the year | 0 | 0 |
| Closing Balance | 0 | 0 |

15. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

| | 31st March 2022 £'000 | 31st March 2021 £'000 |
|--------------|-----------------------------|-----------------------------|
| Bank account | 95 | 320 |
| | 95 | 320 |

16. CREDITORS

| | 31st March 2022 £'000 | 31st March 2021 £'000 |
|--------------------------------|-----------------------------|-----------------------------|
| Central government bodies | 0 | 0 |
| Other local authorities | (29) | (56) |
| Other entities and individuals | (694) | (634) |
| Employee costs | (24) | (14) |
| | (747) | (704) |

17. USABLE RESERVES

| | 31st March 2022 £'000 | 31st March 2021 £'000 |
|--|-----------------------------|-----------------------------|
| 17.1 Unallocated General Fund Reserve | 104 | 29 |
| 17.2 Earmarked Balance - Project Budget slippage | 58 | 105 |
| | 161 | 134 |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

18. UNUSABLE RESERVES

| | 31st March 2022 £'000 | Re-stated 31st March 2021 £'000 |
|----------------------------------|-----------------------------|--|
| 18.1 Capital Adjustment Account | 173 | 257 |
| 18.2 Pension Reserve | (580) | (990) |
| 18.3 Accumulated Absence Account | (14) | (14) |
| | <u>(420)</u> | <u>(747)</u> |

18.1 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Partnership as finance for the costs of acquisition, construction and enhancement.

| | 2021/22 £'000 | Re-stated 2020/21 £'000 |
|---|------------------|-------------------------------|
| Balance at 1st April | 257 | 309 |
| Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: | | |
| • Charges for depreciation and impairment of non-current assets | (73) | (119) |
| • Charges for revaluation of non-current assets | (21) | 0 |
| | <u>163</u> | <u>190</u> |
| Net written out amount of the cost of non-current assets consumed in year | | |
| Capital financing applied in the year: | | |
| • Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | 10 | 67 |
| | <u>173</u> | <u>257</u> |
| Balance at 31st March | | |

18.2 Pension Reserve

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

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

18. UNUSABLE RESERVES *(continued)*

18.2 Pension Reserve *(continued)*

| | 2021/22 £'000 | 2020/21 £'000 |
|--|------------------|------------------|
| Balance at 1st April | (990) | (661) |
| Remeasurements of the net defined benefit liability | 509 | (323) |
| Reversals of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. | (228) | (136) |
| Employer's pension contributions and direct payments to pensioners payable in the year. | 129 | 130 |
| Balance at 31st March | <u>(580)</u> | <u>(990)</u> |

18.3 Accumulated Absence Account

The Accumulated Absence Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

| | 2021/22 £'000 | 2020/21 £'000 |
|---|------------------|------------------|
| Balance at 1st April | (14) | (10) |
| Settlement or cancellation of accrual made at the end of the preceding year | 14 | 10 |
| Amounts accrued at the end of the current year | (14) | (14) |
| Balance at 31st March | <u>(14)</u> | <u>(14)</u> |

19. MEMBERS EXPENSES

The Partnership paid the following amounts to members during the year:

| | 2021/22 £'000 | 2020/21 £'000 |
|----------|------------------|------------------|
| Expenses | 0 | 0 |
| | <u>0</u> | <u>0</u> |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

20. EXTERNAL AUDIT COSTS

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

| | 2021/22 | 2020/21 |
|---|-----------|-----------|
| | £'000 | £'000 |
| Fees payable in respect of: | | |
| • external audit services carried out by the appointed auditor for the year | 11 | 10 |
| | <u>11</u> | <u>10</u> |

21. GRANT INCOME

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

| | 2021/22 | 2020/21 |
|---|----------------|--------------|
| | £'000 | £'000 |
| Credited to Taxation and Non Specific Grant Income | | |
| Scottish Government - Revenue Grant | (782) | (782) |
| Constituent Council Requisitions (Note 22.3) | (190) | (190) |
| | <u>(972)</u> | <u>(972)</u> |
| Credited to Services | | |
| EU Grant - Bling | (17) | (22) |
| EU Grant - Connect | (14) | (10) |
| EU Grant - Primaas | (33) | (28) |
| EU Grant - Regio Mob | (6) | (6) |
| EU Grant - Sharenorth | (42) | (13) |
| EU Grant - Surflogh | (34) | (10) |
| Contribution - City of Edinburgh Council | (2) | (2) |
| Contribution - Clackmannanshire Council | (3) | (6) |
| Contribution - East Lothian Council | (6) | (2) |
| Contribution - Falkirk Council | (4) | 0 |
| Contribution - Fife Council | (143) | (2) |
| Contribution - First Bus Scotland | (5) | 0 |
| Contribution - Inclusion Scotland | 0 | (5) |
| Contribution - Midlothian Council | (9) | 0 |
| Contribution - Paths for All | (25) | 0 |
| Contribution - Scotrail | 3 | (4) |
| Contribution - Scottish Borders Council | (69) | (2) |
| Contribution - Scottish Enterprise | (110) | 0 |
| Contribution - Stirling Communication Centre | (2) | 0 |
| Contribution - Transport Scotland | (484) | (317) |
| Contribution - West Lothian Council | (10) | (40) |
| Contribution - HITRANS | (4) | (4) |
| Contribution - NESTRANS | (5) | (6) |
| Contribution - SPT | (4) | (9) |
| Contribution - SUSTRANS | (159) | (15) |
| Contribution - SWESTRANS | (2) | (3) |
| Contribution - TACTRAN | (5) | (6) |
| Contribution - ZETRANS | (1) | (1) |
| | <u>(1,195)</u> | <u>(513)</u> |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

22. RELATED PARTIES

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

22.1 Scottish Government

The Partnership receives grant-in-aid revenue funding through the Scottish Government. Grants received from the Scottish Government are set out in the subjective analysis in Note 21.

22.2 Members

Members of the Partnership have direct control over the Partnership's financial and operating policies. The total of members' expenses paid by the Partnership in 2021-22 is shown in Note 19.

22.3 Other Parties

During the year, the Partnership entered into the following transactions with related parties:

| | 2021/22 £'000 | 2020/21 £'000 |
|---|------------------|------------------|
| • Revenue Expenditure - Support Services | | |
| City of Edinburgh Council - Financial and Clerking Services | 42 | 43 |
| Falkirk Council - HR Services | 0 | 0 |
| | <hr/> 42 | <hr/> 43 |
| • Revenue Expenditure - Other | | |
| East Lothian Council | 30 | 0 |
| Edinburgh & Lothians Greenspace Trust | 20 | 15 |
| Midlothian Council | 0 | 6 |
| NHS Lothian | 43 | 0 |
| Scottish Government | 15 | 79 |
| West Lothian Council | 14 | 0 |
| | <hr/> 122 | <hr/> 100 |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

22. RELATED PARTIES *(continued)*

22.3 Other Parties *(continued)*

| | 2021/22 £'000 | 2020/21 £'000 |
|---|-------------------|-------------------|
| • Revenue Income - Requisitions | | |
| Clackmannanshire Council | (6) | (6) |
| East Lothian Council | (13) | (13) |
| City of Edinburgh Council | (61) | (61) |
| Falkirk Council | (19) | (19) |
| Fife Council | (44) | (44) |
| Midlothian Council | (11) | (11) |
| Scottish Borders Council | (14) | (14) |
| West Lothian Council | (22) | (22) |
| | <hr/> (190) <hr/> | <hr/> (190) <hr/> |
| • Revenue Income - Interest on Revenue Balances | | |
| City of Edinburgh Council | 0 | 0 |
| | <hr/> 0 <hr/> | <hr/> 0 <hr/> |
| • Revenue Income - Other | | |
| City of Edinburgh Council | (2) | (2) |
| Clackmannanshire Council | (3) | 0 |
| East Lothian Council | (6) | (2) |
| Falkirk Council | (4) | 0 |
| Fife Council | (2) | (2) |
| Midlothian Council | (9) | 0 |
| Scottish Borders Council | (3) | (2) |
| Scottish Enterprise | (110) | 0 |
| Transport Scotland | (484) | (317) |
| West Lothian Council | (1) | 0 |
| | <hr/> (624) <hr/> | <hr/> (325) <hr/> |
| • Revenue Income - Agency Income | | |
| Fife Council | (141) | (6) |
| Scottish Borders Council | (66) | 0 |
| West Lothian Council | (9) | (40) |
| | <hr/> (216) <hr/> | <hr/> (46) <hr/> |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

22. RELATED PARTIES *(continued)*

22.3 Other Parties *(continued)*

The following represents amounts due to/(from) the Partnership at 31 March 2022, with its related parties.

| CREDITORS | 2021/22 £'000 | 2020/21 £'000 |
|---|------------------|------------------|
| • Creditors - Related Parties (Revenue Grants) | | |
| East Lothian Council | (28) | 0 |
| Scottish Enterprise | (40) | (150) |
| West Lothian Council | 0 | (56) |
| | <u>(68)</u> | <u>(206)</u> |
| • Creditors - Related Parties (Other) | | |
| City of Edinburgh Council | (1) | 0 |
| Edinburgh & Lothians Greenspace Trust | 0 | (15) |
| Falkirk Council | 0 | 0 |
| | <u>(1)</u> | <u>(15)</u> |
| • Creditors - Other Parties | <u>(718)</u> | <u>(633)</u> |
| Total Creditors | <u>(787)</u> | <u>(854)</u> |
| DEBTORS | | |
| • Debtors - Related Parties (Revenue Grants/ Other) | | |
| Clackmannanshire Council | 1 | 6 |
| East Lothian Council | (12) | 2 |
| Fife Council | 169 | 2 |
| Scottish Borders Council | 84 | 2 |
| Scottish Enterprise | 0 | 150 |
| Transport Scotland | 315 | 216 |
| West Lothian Council | 11 | 50 |
| | <u>568</u> | <u>428</u> |
| • Debtors - Other Parties | <u>272</u> | <u>226</u> |
| Total Debtors | <u>840</u> | <u>654</u> |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

23. LEASES

Operating Leases

From 8th February 2016 the Partnership took occupancy of Area 3D (Bridge) in Victoria Quay, Edinburgh under the terms of a Memorandum of Terms of Occupation (MOTO) with the Scottish Government, which forms part of the Civil Estates Occupancy Agreement (CEOA).

The Partnership signed a new MOTO and is permitted to occupy the space from 8th February 2019 to 7th February 2022 (the Prescribed Term) and so on until ended by either party giving notice under the terms of the CEOA. Both parties will, upon provision of not less than 1 year's prior written notice, have the ability to break this agreement.

The Partnership currently has a contract with O2 to lease ten Apple iPhones for staff use. The minimum term for this contract is 24 months before the Partnership has the option to terminate the lease under no penalty. This contract expires in February 2024.

The Partnership currently has a contract with Ricoh UK Ltd to lease an office printer. The minimum term for this contract is 36 months before the Partnership has the option to terminate the lease under no penalty. This contract expires in August 2022.

The Partnership's expenditure on lease payments during 2021/22 was £17,000 (2020/21 £19,000)

The minimum lease payments due under non-cancellable leases in future years are:

| | 2021/22 £'000 | 2020/21 £'000 |
|-------------------------|------------------|------------------|
| • Not later than 1 year | 21 | 18 |
| • Over 1 year | 4 | 0 |
| | <hr/> 25 | <hr/> 18 |

The Partnership has no other material operational leases.

24. DEFINED BENEFIT PENSION SCHEMES

24.1 Participation in Pension Schemes

As part of the terms and conditions of employment of its staff, the Partnership makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until the employees retire, the Partnership has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. As explained in Accounting Policy 1.8, the Partnership is an admitted body to the Local Government Pension Scheme (LGPS) which is administered by the Lothian Pension Fund.

The Partnership participates in:

- A funded defined benefit final salary scheme. This means that the Partnership and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- An arrangement for the award of discretionary post retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

24. DEFINED BENEFIT PENSION SCHEMES *(continued)*

24.2 Transactions Relating to Post-employment Benefits

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

| | 2021/22 £000 | 2021/22 £000 | 2020/21 £000 | 2020/21 £000 |
|--|-----------------|-----------------|-----------------|-----------------|
| Comprehensive Income and Expenditure Statement | | | | |
| <i>Cost of services:</i> | | | | |
| Service cost, comprising: | | | | |
| Current service costs | 207 | | 121 | |
| Past service costs | <u>0</u> | | <u>0</u> | |
| | | 207 | | 121 |
| <i>Financing and investment income:</i> | | | | |
| Net interest expense | | <u>21</u> | | <u>15</u> |
| Total post employee benefit charged to the surplus on the provision of services | | 228 | | 136 |
| <i>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</i> | | | | |
| Remeasurement of the net defined liability, comprising: | | | | |
| Return on plan assets, excluding the amount included in the net interest expense above | (222) | | (308) | |
| Actuarial gains and (losses) arising on changes in financial assumptions | (277) | | 775 | |
| Actuarial gains and (losses) arising on changes in demographic assumptions | (18) | | (99) | |
| Other experience | <u>8</u> | | <u>(45)</u> | |
| | | <u>(509)</u> | | <u>323</u> |
| Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement | | <u>(281)</u> | | <u>459</u> |
| Movement in Reserves Statement | | | | |
| Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code. | | <u>99</u> | | <u>6</u> |
| Actual amount charged against the General Fund Balance for pensions in the year: | | | | |
| Employer's contributions payable to the scheme | | 129 | | 130 |
| | | <u>129</u> | | <u>130</u> |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

24. DEFINED BENEFIT PENSION SCHEMES *(continued)*

24.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligations in respect of its defined benefit plan is as follows:

| | 2021/22 £'000 | 2020/21 £'000 |
|---|------------------|------------------|
| Fair value of employer assets | 2,821 | 2,463 |
| Present value of funded liabilities | (3,401) | (3,453) |
| Present value of unfunded liabilities | 0 | 0 |
| Net liability arising from defined benefit obligation | (580) | (990) |

24.4 Reconciliation of the Movements in the Fair Value of Scheme Assets

| | 2021/22 £'000 | 2020/21 £'000 |
|--|------------------|------------------|
| Opening fair value of scheme assets | 2,463 | 2,149 |
| Interest income | 50 | 50 |
| Remeasurement gain / (loss): | | |
| Other Experience | | (129) |
| Return on plan assets, excluding the amount included in the net interest expense | 222 | 308 |
| Contributions from employer | 129 | 130 |
| Contributions from employees into the scheme | 29 | 26 |
| Benefits paid | (72) | (71) |
| Unfunded benefits paid | 0 | 0 |
| Closing fair value of scheme assets | 2,821 | 2,463 |

Reconciliation of Present Value of the Scheme Liabilities

| | 2021/22 £'000 | 2020/21 £'000 |
|--|------------------|------------------|
| Present value of funded liabilities | (3,453) | (2,810) |
| Present value of unfunded liabilities | 0 | 0 |
| Opening balance at 1st April | (3,453) | (2,810) |
| Current service cost | (207) | (121) |
| Interest cost | (71) | (65) |
| Contributions from employees into the scheme | (29) | (26) |
| Remeasurement gain / (loss): | | |
| Change in demographic assumptions | 18 | 99 |
| Change in financial assumptions | 277 | (775) |
| Other experience | (8) | 174 |
| Past service cost | 0 | 0 |
| Benefits paid | 72 | 71 |
| Unfunded benefits paid | 0 | 0 |
| Closing balance at 31st March | (3,401) | (3,453) |

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

24. DEFINED BENEFIT PENSION SCHEMES *(continued)*

24.5 Fair Value of Employer Assets

The following asset values are at bid value as required under IAS19.

| | 2021/22 | | 2020/21 | |
|--|---------|----|---------|----|
| | £'000 | % | £'000 | % |
| Equity Securities: | | | | |
| Consumer * | 347 | 12 | 320 | 13 |
| Manufacturing * | 373 | 13 | 355 | 14 |
| Energy and Utilities * | 156 | 6 | 125 | 5 |
| Financial Institutions * | 163 | 6 | 151 | 6 |
| Health and Care * | 195 | 7 | 154 | 6 |
| Information technology * | 128 | 5 | 117 | 5 |
| Other * | 210 | 7 | 196 | 8 |
| Sub-total Equity Securities | 1,573 | | 1,418 | |
| Debt Securities: | | | | |
| Corporate Bonds (investment grade) | | 0 | 84 | 3 |
| UK Government * | 246 | 9 | 198 | 8 |
| Other * | 53 | 2 | 0 | |
| Sub-total Debt Securities | 299 | | 282 | |
| Private Equity: | | | | |
| All * | 0 | | 0 | 0 |
| All | 13 | 0 | 15 | 1 |
| Sub-total Private Equity | 13 | | 15 | |
| Real Estate: | | | | |
| UK Property * | 26 | 1 | 0 | 0 |
| UK Property | 123 | 4 | 128 | 5 |
| Overseas Property | 1 | 0 | 0 | 0 |
| Sub-total Real Estate | 150 | | 128 | |
| Investment Funds and Unit Trusts: | | | | |
| Equities * | 49 | 2 | 35 | 1 |
| Equities | 2 | 0 | 0 | |
| Bonds * | 53 | 2 | 51 | 2 |
| Bonds | 79 | 3 | 0 | 0 |
| Infrastructure | 286 | 10 | 282 | 11 |
| Sub-total Investment Funds and Unit Trusts | 469 | | 368 | |
| Derivatives: | | | | |
| Foreign Exchange * | 0 | 0 | 0 | 0 |
| Sub-total Derivatives | 0 | | 0 | |
| Cash and Cash Equivalents | | | | |
| All * | 317 | 11 | 252 | 10 |
| Sub-total Cash and Cash Equivalents | 317 | | 252 | |
| Total Fair Value of Employer Assets | 2,821 | | 2,463 | |

Scheme assets marked with an asterisk () have quoted prices in active markets.*

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

24. DEFINED BENEFIT PENSION SCHEMES *(continued)*

24.6 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2022 were those from the beginning of the year (i.e. 31 March 2021) and have not been changed during the year.

The principal assumptions used by the actuary in the calculations are:

Investment returns

- Total returns for the period from 1 April 2021 to 31 March 2022 10.8%

| | 2021/22 | 2020/21 |
|---|------------|------------|
| Mortality assumptions - longevity at 65 for current pensioners: | | |
| • Males | 20.3 years | 20.5 years |
| • Females | 23.1 years | 23.3 years |
| Mortality assumptions - longevity at 65 for future pensioners: | | |
| • Males | 21.6 years | 21.9 years |
| • Females | 25.0 years | 25.2 years |
| Pension increase rate | 3.20% | 2.85% |
| Salary increase rate (see below) | 3.70% | 3.35% |
| Discount rate | 2.70% | 2.00% |

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2022 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the Fund's Actuary has estimated that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

24. DEFINED BENEFIT PENSION SCHEMES *(continued)*

24.7 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2023

| | Assets £000 | Obligations £000 | Net (liability) / asset £000 | % of pay |
|---|----------------|---------------------|---------------------------------|----------|
| Projected current service cost | 0 | (183) | (183) | (46.9%) |
| Past service cost including curtailments | 0 | 0 | 0 | 0.0% |
| Effect of settlements | 0 | 0 | 0 | 0.0% |
| Total Service Cost | 0 | (183) | (183) | (46.9%) |
| Interest income on plan assets | 77 | 0 | 77 | 19.7% |
| Interest cost on defined benefit obligation | 0 | (94) | (94) | (24.1%) |
| Total Net Interest Cost | 77 | (94) | (17) | (4.4%) |
| Total included in Profit or Loss | 77 | (277) | (200) | (51.3%) |

The Partnership's estimated contribution to Lothian Pension Fund for 2022/23 is £129,000.

25. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Partnership's activities expose it to a variety of financial risks:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Partnership;
- Liquidity risk - the possibility that the Partnership might not have funds available to meet its commitments to make payments;
- Re-financing risk - the possibility that the Partnership might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Partnership as a result of changes in such measures as interest rate movements;
- Price risk - the possibility that fluctuations in equity prices has a significant impact on the value of financial instruments held by the Partnership;
- Foreign exchange risk - the possibility that fluctuations in exchange rates could result in loss to the Partnership.

Treasury Management is carried out on the Partnership's behalf by the City of Edinburgh Council. The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The Council complies with the CIPFA Prudential Code and has adopted the CIPFA Treasury Management in the Public Services Code of Practice.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Partnership's customers.

The Partnership's surplus funds not immediately required to meet expenditure commitments are held with the City of Edinburgh Council, and the Partnership receives interest on revenue balances on these monies. As the Partnership's surplus funds are held with the City of Edinburgh Council, the counterparty default exposure is effectively nil.

All Partnership invoices become due for payment on issue, and all trade debtors are overdue less than a month. Collateral - During the reporting period the Partnership held no collateral as security.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

25. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

The Partnership is required by statute to provide a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The arrangement with the City of Edinburgh Council ensures sufficient liquidity is available for the Partnership's day to day cash flow needs.

The Council manages the Partnership's liquidity position through the risk management procedures above as well as through cash flow management procedures required by the Code of Practice.

Refinancing risk

The Partnership has only a small level of surplus funds and no long term debt. The refinancing risk to the Partnership relates to managing the exposure to replacing financial instruments as they mature.

As such, the Partnership has no refinancing risk on its liabilities.

The Partnership has no investments with a maturity greater than one year.

Market risk

Interest rate risk

The Partnership is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on an organisation, depending on how variable and fixed interest rates move across differing financial instrument periods.

For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- borrowings at fixed rates - the fair value of the liabilities borrowings will fall;
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates - the fair value of the assets will fall.

The Partnership currently has no borrowings. Changes in interest receivable on variable rate investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

However, all investments currently have a maturity of less than one year and the fair value has therefore been approximated by the outstanding principal.

The Partnership's surplus funds are held with the City of Edinburgh Council.

The Council's Treasury Management Team continue to monitor market and forecast interest rates during the year and adjust investment policies accordingly.

Price risk

The Partnership does not invest in equity shares.

Foreign Exchange risk

As at 31 March 2022, the Partnership had financial assets of £119,000 subject to foreign exchange risk.

The foreign exchange loss or gain on these financial assets cannot be determined until 2022/23, when the Partnership is in receipt of the related grant income from the European Regional Development Fund.

The Partnership has no financial liabilities denominated in foreign currencies.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

26. PRIOR YEAR RESTATEMENT

In 2020/21, the Partnership purchased bus passenger transport equipment on behalf of two constituent councils, using the Partnership's existing Framework contract for bus passenger equipment. The value of the equipment was £46,000. As the equipment was awaiting deployment at 31st March 2021, the equipment was accounted for as Property, Plant and Equipment - Assets Under Construction. During 2021/22, it was established that ownership of the assets was vested with the two constituent councils, with full recovery of cost by the Partnership.

A prior year restatement of £46,000 has been made to Property, Plant and Equipment - Assets Under Construction. A corresponding adjustment was made to the deficit on provision of services in the Comprehensive Income and Expenditure Statement. The adjustments are shown in the table below.

| | Annual Accounts 2020/21 | Property, Plant and Equipment Restatement | Restated Balance 2020/21 |
|---|-------------------------------|---|--------------------------------|
| Movement on Reserves Statement | £'000 | £'000 | £'000 |
| General Fund -Unusable Reserve at 31 March 2021 | (701) | (46) | (747) |
| Comprehensive Income and Expenditure Statement | | | |
| (Surplus) or deficit on provision of services | 71 | 46 | 117 |
| Balance Sheet | | | |
| Property, Plant and Equipment as at 31 March 2021 | 303 | (46) | 257 |
| Unusable Reserve at 31 March 2021 | (701) | (46) | (747) |

The South East of Scotland Transport Partnership (SESTRAN)

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of The South East of Scotland Transport Partnership and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of The South East of Scotland Transport Partnership for the year ended 31 March 2022 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the body as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is 6 years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body'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.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website

Risks of material misstatement

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

Responsibilities of the Treasurer and Partnership for the financial statements

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

The South East of Scotland Transport Partnership (SESTRAN)

INDEPENDENT AUDITOR'S REPORT (Contd.)

Responsibilities of the Treasurer and Partnership for the financial statements (Contd.)

In preparing the financial statements, the Treasurer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

The Partnership is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our 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 body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- 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 our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body'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 our auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

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

Other information

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

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The South East of Scotland Transport Partnership (SESTRAN)

INDEPENDENT AUDITOR'S REPORT (Contd.)

Other information (Contd.)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on 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 our opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Karen Jones (for and on behalf of Azets Audit Services)

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: _____

RTP Revenue Funding

1 Introduction

- 1.1** This report is to inform the Committee of SEStran's response to a survey, by Transport Scotland (TS), into how revenue grant is allocated between Scotland's seven Regional Transport Partnerships (RTPs).
- 1.2** Scotland's RTPs have vastly differing regional geographies, demographic changes and transport pressures, so it's unlikely that a single funding methodology will suit all RTPs. RTPs have a history of collaboration and joint working and there is a recognition amongst RTPs that 'competing' for reallocation of existing or reducing RTP funds will not deliver benefit to transport systems or transport users.
- 1.3** In the case of SEStran, significant population growth and development pressures, a diversity of rural and urban classifications, a lack of available sustainable transport solutions in much of the region, coupled with increasing car dependency among the region's population, have produced a strong case for increased investment in regional transport coordination and governance; the evidence of the need for regional measures has been gathered recently through the development of SEStran's new (draft) Regional Transport Strategy (RTS).

2 RTS funding arrangements to date

- 2.1** SEStran's annual core grant from the Scottish Government has remained at £782,000pa since 2010. The Transport (Scotland) Act 2005 requires the balance of RTP core costs to be met through a requisition from constituent councils. In fact, previous reductions in council requisitions to SEStran coupled with no increase in the Scottish Government grant mean the core budget has reduced significantly in actual and real terms.
- 2.2** Transport Scotland has advised RTPs of an anticipated 3% cut from 2023/24, with potential for further 3% savings per year, in years two and three, as part of a wider efficiency target being applied by Scottish Government across the Net Zero, Energy and Transport portfolio. Any changes for 2023/24 will be confirmed in the Scottish Government's autumn budget statement.
- 2.3** Innovation within SEStran has helped to leverage other funds, notably from EU sources, to support much of the development and delivery of a wide range of RTS priority actions up to this point. In 2021, Performance and Audit Committee noted a loss of access to EU funds in future years, and the lack of an equivalent source in the UK that regional bodies are eligible to apply for. Despite significant resources being used to find alternative means of funding, this remains the position.

3 Review of RTS Funding

- 3.1** Transport Scotland recently announced a review of the RTP grant allocation and a survey was issued to RTPs shortly after. SEStran's response to the survey (at Appendix 1) is evidence based, drawing on analysis of data prepared in the development of the draft new SEStran RTS and financial records. The response sets out a strong case for continued funding and investment in transport in the SEStran region to be at least at the same level.
- 3.2** Concurrently, TS is conducting a wider review of transport governance, which originated in recommendations made in 2019 by a Scotland-wide 'Roles and Responsibilities Working Group' that met as part of the development of the National Transport Strategy (NTS2). The group recommended that future transport governance should be on the basis of some form of regional model, and since then, RTPs have been represented on the Governance and Collaboration Group. The timescale for the completion of the wider review is not yet known.
- 3.3** The response to Question 21 in the survey is a standard response that has been jointly prepared across all seven RTPs.

4 Recommendations

- 4.1** Committee is asked to note the report, and particularly,
- the RTP funding survey response at Appendix 1, which will be presented for noting at the next meeting of the Partnership Board on 23rd September 2022;
 - the context of planned and potential reductions to revenue grant, as summarised in paragraph 2.3.(as per question above)

Jim Grieve
Partnership Director
9 September 2022

Appendix: SEStran RTP Revenue Funding Survey Response

| | |
|-------------------------|---|
| Policy Implications | None directly arising from this report |
| Financial Implications | There are no financial implications directly arising from this report, but Committee should be aware that the ongoing review by Transport Scotland may have financial implications that would be reported once known. |
| Equalities Implications | There are no equalities implications arising directly from this report. |

| | |
|-----------------------------|---|
| Climate Change Implications | There are no climate change implications arising directly from this report. |
|-----------------------------|---|

SEStran RTP Revenue Funding Survey Response

As part of the Transport Governance Review we have committed to reviewing the Regional Transport Partnerships (RTPs) Revenue Grant and how this is allocated between RTPs. For clarity, this refers to the grant funding provided to the RTPs on an annual basis for the Approved Purpose as set out in the grant letter, Regional Transport Partnership (RTP) running costs and implementation of the Regional Transport Strategy (RTS). A number of factors were taken into consideration when the allocation of the RTP Revenue Grant was set in 2006, including core running costs and the level of constituent local authorities funding; and transitional costs, however, there is not a set formula for the Revenue Grant allocation. Given the time that has passed since the split was established and the changes to the transport governance landscape, we must ensure that split of the funds is still appropriate and is formulated on an equitable and transparent basis. The deadline for responding to the survey is 26 August 2022. Anyone wishing to discuss the survey prior to submitting should contact rebecca.vaughan@gov.scot or joanne.gray@gov.scot

1. Please provide the name of the organisation on whose behalf you are completing this questionnaire.

South East Scotland Transport Partnership (SEStran)

2. How is the Scottish Government Revenue Grant used and is it specifically allocated to areas of your expenditure?

The entirety of SEStran's Scottish Government grant allocation of £782,000 in 2022/23 is absorbed by core costs, which include running costs, core statutory functions and implementation of the of RTS.

3. What are the average annual core running costs of the Regional Transport Partnership? Please provide detail on what you include as core costs and breakdown of the main components.

The average annual core costs of SEStran are £972,000. Core costs are met by both Scottish Government grant and Council requisitions. Costs provided below are from the year 2022/23.

| SEStran Core Costs 2022/23 | £000's |
|--|---------------|
| Employee costs (Salaries, NI, Pension, Training...) | 462 |
| Premises costs | 17 |
| Staff travel | 8 |
| Supplies and services | 111 |
| Support (Finance, Legal, Audit, Clerking) | 61 |
| Core functions (RTS monitoring, RTPI system, Equalities) | 165 |
| Implementation of RTS | 148 |
| Total Core Costs £000's | 972 |

4. What revenue funding do you receive from your constituent council/councils? Please provide breakdown by council.

The Council requisitions for the current financial year 2022/23 are as follows:

| Council | Requisition |
|------------------|-------------|
| Clackmannanshire | £6,039 |
| East Lothian | £12,704 |
| Edinburgh | £62,123 |
| Falkirk | £18,905 |
| Fife | £44,050 |
| Midlothian | £10,968 |
| Scottish Borders | £13,568 |
| West Lothian | £21,643 |
| Total | £190,000 |

These figures meet the balance required for SEStran's core costs and functions, and are the figures that represent what SEStran is entitled to require from the councils in terms of s.3 of the 2005 Act. Other contributions are received from the councils in respect of specific projects.

SEStran's Revenue Budget is split into 'core' and 'projects.'

5. Is there a negotiation process for this funding each year? Does your council's responsibility to fund the net expenses of the RTP as set out in section 3 of the Transport (Scotland) Act 2005 inform any negotiation?

The process of finalising the level of council requisition each year is led by discussions at the Chief Officers' Liaison Group, which precedes finance papers being taken to the Partnership's Performance and Audit Committee and Board. Given that the level of Council requisitions reduced by 5% in 2017/18, and has stayed at the same level in every financial year since then, there has been little need to 'negotiate' with the councils in recent years.

There have however been instances where it has been necessary to remind some constituent councils of the legal requirement to fund the balance of the RTP's budget in terms of section 3 of the Transport (Scotland) Act 2005, in the face of challenge around their level of requisition. Local authorities have been, and continue to be, under increasing financial pressure in respect of their own budgets, and this has had a disproportionate effect on their transportation spend.

6. Has this level of funding changed since RTP establishment? If so, please explain.

Over the last ten years, the level of council requisitions has decreased in actual terms by 15%. From £225,000 in 2011/12 it first decreased to £200,000 in 2012/13. This remained constant at £200,000 until 2017/18, when it was further reduced to £190,000 and this has remained consistent since. This amount been compounded by the impacts of inflation over this period, leading to a greater real terms reduction.

The Scottish Government grant has been at a stand-still level since 2010. The cumulative impacts of inflationary pressures¹ mean in effect the annual budget of £782,000 has decreased the value to an equivalent of £600,723 against the 2010 level.

7. Do the council contributions reflect the level of commitment to the RTP work in the region and/or does it reflect a council's voting share on the RTP Board? If the council contributions are based on another criteria please explain.

Council requisitions are based on population size. Using level of commitment to RTP work in the region would be highly contentious even if it could be ascertained: voting share on the RTP Board would be a blunt instrument as the maximum number of Board members from any one council is five (City of Edinburgh) with the smallest (Clackmannanshire and Midlothian) having two.

It has been demonstrated in the past that partner councils get significantly more out of their respective requisitions from SEStran investment and activity than they put in. Analysis of the leveraged benefits from the RTP was carried out in 2015 (see Appendix 2).

8. Do you receive capital funding from your constituent council/councils? If so, what level and is this ring-fenced for particular projects.

SEStran does not currently receive capital funding from constituent Councils.

9. What revenue funding do you receive from other sources (e.g Transport Scotland, EU, revenue generating services)? Has the level of funding changed over time? Please provide a breakdown of all funding by source for the latest financial year.

SEStran has been successful in attracting and leveraging additional funds, and this is particularly the case in 2022/23, from competitive, annual funding sources. Funds are sought to deliver a wide range of studies, trials, projects and regional services that further RTS objectives.

EU funding sources have represented a significant source of income for developing innovative transport projects for the SEStran region, however this is a declining source of funds, with no equivalent source available to RTPs.

Income in 2022/23 cannot be considered illustrative of future potential income. Funds have been obtained from the following sources:

| Funding source | 2022/23 £'000s |
|--|---------------------------|
| Transport Scotland (MaaS Investment Fund) | 212 |
| Transport Scotland (RTP Active Travel fund) | 597 |
| Transport Scotland (LRDF) | 52 |
| Sustrans Scotland (for disbursement to SEStran partners) | 167 |
| EU Interreg North Sea Region (Bling, Connect, Share-NORTH, Surflogh) | 142 |
| Interreg Europe (PriMaaS, Regio-Mob) | 75 |
| Scottish Enterprise | 45 |
| Total | 1,290 |

| Other sources of income, fully utilised by activity | 2022/23 £'000s |
|--|---------------------------|
| Thistle Assistance Recharge to other RTPs | 13 |
| ECMA contributions from RTPs | 13 |
| Council agreements for Bus Partnership activity | 110 |
| RTPI systems and screen maintenance recharges | 20 |
| Total | 156 |

Where SEStran recharges partner RTPs for the delivery of joint functions including East Coast Mainline and Thistle Assistance Scheme, it is agreed in the interests of achieving economies of scale and efficiencies.

SEStran applies recharges to partners and external stakeholders for the delivery and maintenance of regional systems for example the Real Time Passenger Information (RTPI) system, and in return Council and transport users benefit from a joint NovusFX (RTPI data management system) procured on behalf of the region. The RTP can deliver significant efficiency and avoids individual Council contracts and arrangements which would be inefficient and costly.

SEStran on occasion enters into agreements with partner Councils for the delivery transport functions where efficiency can be achieved, or as support to partner Councils experiencing resource pressures; this is in accordance with section 14 of the Transport (Scotland) Act 2005.

10. What capital funding do you receive from other sources (e.g Transport Scotland, EU)? Has the level of funding changed over time? Please provide a breakdown of all funding by source for the latest financial year.

SEStran does not receive any capital funding.

SEStran's income has to a large extent depended on external resources and has been successful in leveraging in other funding from sources other than the 'core' Scottish Government grant and council requisitions.

SEStran receives project funding to implement projects in respect of delivery of the RTS, this does include in some cases the purchase of assets, such as RTPI asset, that enable activity to be rolled out.

EU funding is predicted to fall drastically over the next two years, as remaining projects are concluded.

There is currently no apparent replacement of that funding source by UK or Scottish Governments. Such new funding as there is cannot be accessed directly by RTPs, e.g. Levelling Up Fund, Transport Scotland's Bus Partnership Fund.

11. How much resource, staff time and cost, does your organisation put into bidding for capital funding and are there any barriers to accessing additional capital support?

Noting SEStran bids for project funds, rather than 'capital' funds, it is difficult to quantify how much staff resource, time and cost, is required for bidding for funding. However, as an example, the bid to Maas Investment Fund (MIF) Round 2 required the engagement of external consultants and the likely cost for that external resource would be in the region of £25,000.

One strength of the RTP is being able to target internal resource to bid or develop a project on behalf of more than one partner Council; this is a more efficient mechanism than up to eight Councils separately developing a project, and is employed for example with Active Travel funds, Can Do Innovation funds (Scottish Enterprise) and Local Rail Development Fund (Transport Scotland). These are competitive funding streams, where

there is no guarantee of success, and require significant internal resource in order to bid which can limit some Councils' ability to bid.

12. What factors should be prioritised in any future allocation of revenue grant? (Please rank below on a sliding scale of 1-5 (with 1 = not significant at all and 5 = very significant))

| | |
|--|---|
| Population | 5 |
| Area | 1 |
| RTP Responsibilities | 4 |
| RTP Model | 3 |
| Regional Transport Strategy Production Costs | 4 |
| Social Deprivation in Region | 4 |

13. Please provide any further information on what factors should be considered as part of any future allocation, supported by evidence where possible.

The following factors are, in our view, more valid factors to be considered in any allocation and some associated regional statistics are included in the supporting Appendix 1:

- Vehicle numbers - (Appendix 1, Figure1);
- Congestion statistics - (Appendix 1, Figure 2);
- Pollution levels – (Appendix 1, Figure 3);
- Rate of Growth – the SEStran region is predicted to grow in population and development terms, more than any other Scottish region over the next ten years – (Appendix 1, Figures 4, 5 and 6);
- Edinburgh's status as a capital city and one of the country's biggest visitor attractions means a greater generation of journeys to it, further exacerbating traffic issues;
- The complexity of interfacing with various Growth Deals including one of the country's biggest City Region Deals which affects six out of eight constituent councils;
- Transportation issues generated by Edinburgh Airport, the busiest airport in the country;
- Complex freight logistics issues involved in traffic around the Forth Estuary.

14. Please provide the number of staff employed by your RTP.

| | | |
|-----------|-----------|-----|
| Permanent | Temporary | FTE |
|-----------|-----------|-----|

| | | | |
|---|----|---|------|
| Funded by SG Revenue Grant | 9* | 1 | 8.9 |
| Funded by Local Authority | | | |
| Funded by other funding e.g. project specific grants | | 1 | |
| Total Staff | 9 | 2 | 10.9 |

*This includes one 0.4 FTE consultant

15. Please provide any further information on staffing that is relevant to this Review.

N/A

16. What do you consider the main role and responsibilities of your organisation. How does your organisation add value to transport landscape in your region?

The principal statutory responsibilities of SEStran as a Model 1 RTP are to a) set out, and keep updated, a RTS, and b) monitor its implementation.

In reality, in the 17 years since it was created SEStran has done much more than that. It has, for example:

- Provided a co-ordinating role for the 8 councils in its area, providing economies of scale where possible for region-wide initiatives such as Tripshare, Bikeability, Active Travel Strategic Network development, GO e-Bike;
- Rolled out region-wide projects which have benefitted the area as a whole, for example the delivery of a Real Time Passenger Information including data management, on-board ETMs for rural services and provision of fixed screens at transport interchanges and hubs across the region;
- Commissioned studies and STAG appraisals for individual authorities, providing extra resource to do so where councils would have struggled to do so, e.g. Levenmouth Rail Study, leading to evidence-based investment in a new railway line;
- Commissioned region wide strategic studies, e.g. Park and Ride, Mobility Hubs, Demand Responsive Transport, to provide coordinated regional prioritization of efforts;
- Provided model terms of reference and standardised approaches, for example to ensure efficient set up of Bus Alliances in the region;
- Provided an additional transport professional / expert resource which can be brought to bear on cross-council activity, e.g. project management, and regional coordination for Bus Partnership work with the various alliances;
- Leveraged in external funding from the EU and other sources for delivery of shared RTS activity – including this year, £2.13m in the past 5 years;

- Coordinated cross RTP action that benefits the region and other RTP areas, for example representing RTPs in ECMA, developing, administering and advancing the Thistle Assistance Scheme;
- Providing regional comment and advice to Scottish Government Agency during national consultations on transport issues relating to NPF 4, NTS2, STPR2
- In general, taken a proactive role to ensuring the RTS is delivered by commissioning its own work in the context of falling investment in transportation services from the constituent councils.

17. Has this role changed since the RTP were established? Please explain your answer.

When SEStran was established as a statutory body, it was in reality a continuation of the previous voluntary partnership between constituent Councils which had existed in the region. Its principal role other than the statutory responsibilities described above was to distribute capital funding to its constituent councils in pursuit of its strategic objectives.

The removal of the capital funding in 2007 from RTPs, and chronic underfunding of transportation services by councils as successive rounds of austerity cuts forced them to prioritise funding elsewhere, has made the role of RTPs as enablers and deliverers of those strategies ever more crucial.

As set out in the previous answer, we believe that the RTP role has become integral to the delivery of national, regional, and local transport strategies, a fact reflected for example by SEStran's involvement in the Transport Transition Group during the pandemic.

18. What impact would a 3% cumulative efficiency target over the three years of the Spending Review Period have on your RTP?

Any cuts must be considered against the context of wider budgetary pressures on the organisation. The impact of a 3% cumulative efficiency target over three years would be:

In Year One

- a reduction in leveraged activity, affecting delivery of regional projects and active travel projects that benefit all eight partner authorities.

In Year Two

- further reduced ability to pursue the Regional Transport Strategy actions and new funds,
- a reduction in the scale and pace of delivery of active travel projects,
- reduced investment into the RTP scheme and maintenance, which could lead to a funding shortfall that requires to be met by constituent councils.

In Year Three

- staff redundancies, creating a liability for constituent councils in respect of meeting redundancy payment obligations,

- a significant reduction in scale and pace of delivery of the SEStran active travel programme including SEStran Strategic Network Development and GO e-Bike,
- reduction in the scale and maintenance of the RTP system, reducing coverage and affecting public transport passengers.

19. Do you have efficiencies identified that you could propose if required?

SEStran has already planned for a significant reduction in availability of EU funding after 2022/23 and has also budgeted for other pressures, such as a mandatory uplift in the pension contributions until end 2022/23, following actuarial review, and increasing salary costs.

Additionally, SEStran has managed an actual reduction in council requisitions alongside a real-terms reduction created through inflationary pressures; no further efficiencies can be easily identified.

20. How would these savings impact on the RTPs ability to cover its core costs or fulfil its duties under the Transport (Scotland) Act 2005?

There is little prospect of SEStran delivering the extent of its current core programme to support local authorities and regional transport users with any further core cuts. The cuts would reduce the effectiveness of the RTP and RTS.

21. Please provide any additional information that you feel has not been covered in the above questions that will help provide a greater understanding of how the RTP Revenue Grant should be allocated going forward

Whilst each of the Regional Transport Partnerships (RTP's) will all have individually undertaken to complete the survey there are a number of points which need to be made.

As you are aware the Transport Governance report was published by Transport Scotland in 2019. The recommendations from the roles and responsibilities working group reported by Jacobs recommend that "our future governance arrangement should be on some form of regional model."

On this basis of this recommendation, we would have expected Transport Scotland to have given serious consideration to what roles and responsibilities the RTP's would have in this future model of transport governance and carried out a review of what funding was required. This would have enabled roles and responsibilities of the RTP's to have been considered and would have enabled the funding requirements to deliver these to be identified.

RTP's have been communicating with TS for some time on how they feel they can assist TS to accelerate the delivery of the changes needed to meet the significant transport challenges facing Scotland. However, the funding available to RTP's has been reducing in real terms since 2010. With a standstill budget since 2010 there has effectively been a reduction of approximately 25% in the real terms value of the funding made available to the

RTP's from Scottish Government. Therefore, the ability to deliver core functions is already seriously compromised.

The response to question 12 will result in a wide variation of answers from RTP's given the complex and diverse nature of the seven RTP regions. We would welcome a more detailed joint discussion with Transport Scotland on the factors which fairly reflect the different transport needs across the partnerships.

To conclude, rather than just the redistribution of RTP funding we would have welcomed a wider discussion on the future role of Regional Transport Partnerships and the funding required to perform those functions to best meet the significant challenges identified in the NTS.

Appendices included:

- Appendix 1. Analysis of regional changes in transport pressures and context
- Appendix 2. Item A5.1 Budget Support Paper presented to SEStran Partnership Board, 4 December 2015

Page Break

Appendix 1

RTP Funding Questionnaire

Key Statistics

The number of cars registered per capita old enough to drive is highest in the Scottish Borders as illustrated in Figure 3.21. The lowest levels of car registrations per head of population are in Edinburgh and it has also saw the slowest rate of growth in car ownership over the period between 2012 and 2018 at just 1.5%. Midlothian has experienced the highest rate of growth with car registrations increasing by 8% over the same timeframe. Despite having the highest levels of ownership the Scottish Borders has witnessed the second slowest rate of growth at just 3.1%.

Road traffic in the region has also increased in recent years rising 11% between 2010 and 2018 as illustrated in Figure 3.22. The largest increases have been in East Lothian (18%), West Lothian (13%) and Falkirk (13%). Almost a quarter of the total traffic in the region is in Edinburgh (24%) whilst a similar amount is in Fife (23%) which combined account for nearly half of all traffic in the region.

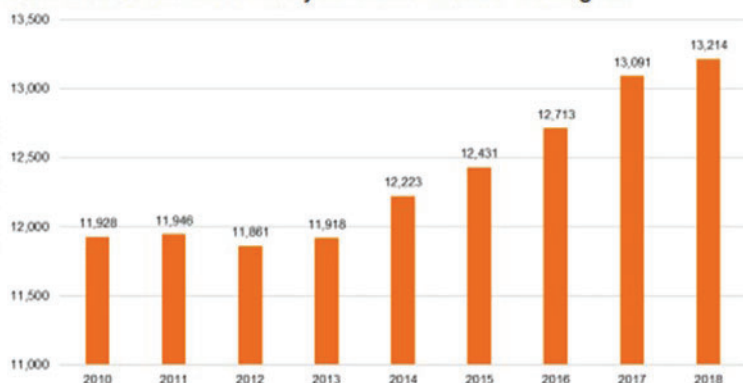


Figure 3.21 Traffic on Roads in SEStran Region 2010-18

Road Traffic (Extract from [SEStran](#)

[Regional Transport Strategy – Case for Change](#)

Figure 1

Congestion Statistics (Extract from [SEStran-Main-Issues-Report.pdf](#))

Journey time reliability is poor

The region's strategic road network offers very limited route choice; in part as a result journey time reliability is poor on many key routes.

The SEStran Regional Model highlights significant base year **congestion** (2017) in some locations on the strategic road network in both morning and evening peak periods. Key hotspots are shown below and include:

- The majority of the western section of the A720 City Bypass;
- Hermiston (M8) and Sheriffhall (A720) roundabouts;
- The Queensferry Crossing north and south approaches; and
- The A8 corridor in the vicinity of Edinburgh Airport.

It is notable that several of these key hotspots are on the transport corridors that serve some of the major development proposals in the region.

The City Bypass can be a major barrier to north / south movement across the corridor. Proposed grade separation of Sheriffhall Roundabout will improve connectivity to and from Midlothian but in the meantime significant delays result. Residents in East Lothian are also directly impacted by the **congestion** at this roundabout.

Within Edinburgh, the A90 Queensferry Road is by far the busiest corridor, carrying twice the volume of the A8. Public transport reliability is poor, with long delays in both morning and evening peaks. Traffic volumes have changed over many years with the majority of traffic now heading towards Telford Road and north Edinburgh, rather than the city centre. This reflects the poor level of public transport provision to the waterfront area, from locations Fife and West Lothian, compared with the city centre.

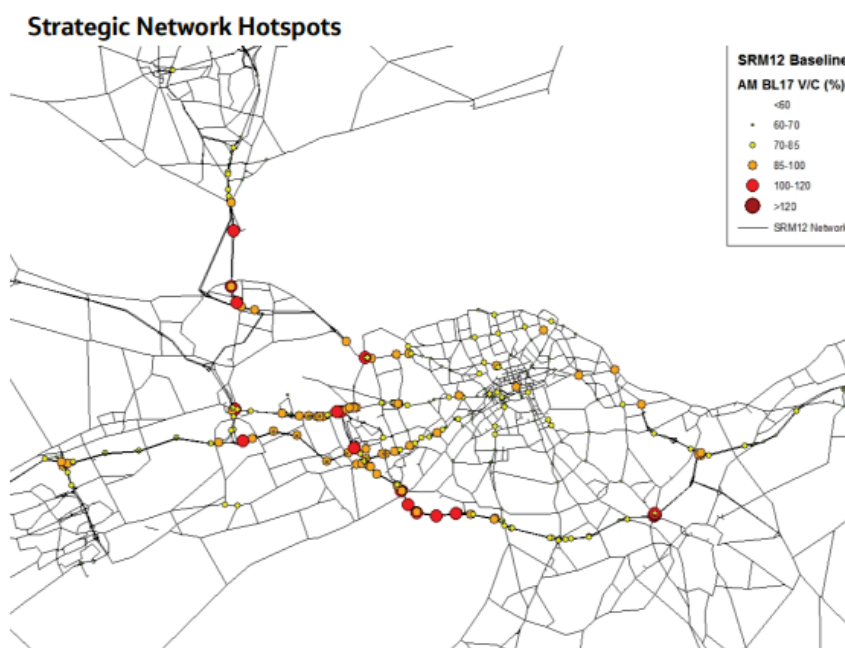


Figure 2

Pollution Levels ([SEStran Regional Transport Strategy – Case for Change](#))

3.8 EMISSIONS & AIR QUALITY

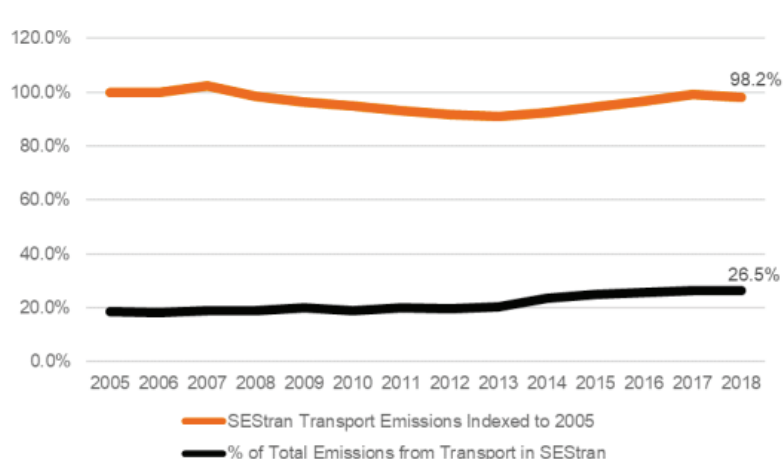


Figure 3.31 Transport Emissions in SEStran Region 2005 – 2018

Transport emissions¹ in the region fell between 2005 and 2013 but have since been steadily rising again and in 2018 were sitting at 98.2% of 2005 levels as illustrated in Figure 3.31. The percentage of total emissions from transport has also been increasing from 18.5% in 2005 to 26.5% in 2018. Road transport was responsible for 97.0% of total transport emissions in 2018. This highlights the need to reduce emissions from transport, particularly road transport, to meet the Scottish Government's statutory target of net zero emissions by 2045.

Air quality in much of the SEStran area is good, but there are 16 locations at which pollution levels exceed thresholds and Air Quality Management Areas (AQMA) are currently in place. All but one of these AQMAs have been declared primarily because of pollution from road vehicles.

Figure 3

Population Levels (Extract from [SEStran-Main-Issues-Report.pdf](#))

Key Highlights are

The region's population is growing and ageing

The regional population grew by 12% from 2001 to 2018 (to 1.6M people), inevitably contributing to increased demand for travel.

In the same period, the proportion of people of pensionable age (65 and over) grew by 31%, whereas the number of people aged under 16 was almost unchanged.

SEStran Region Population Growth 2016-2026

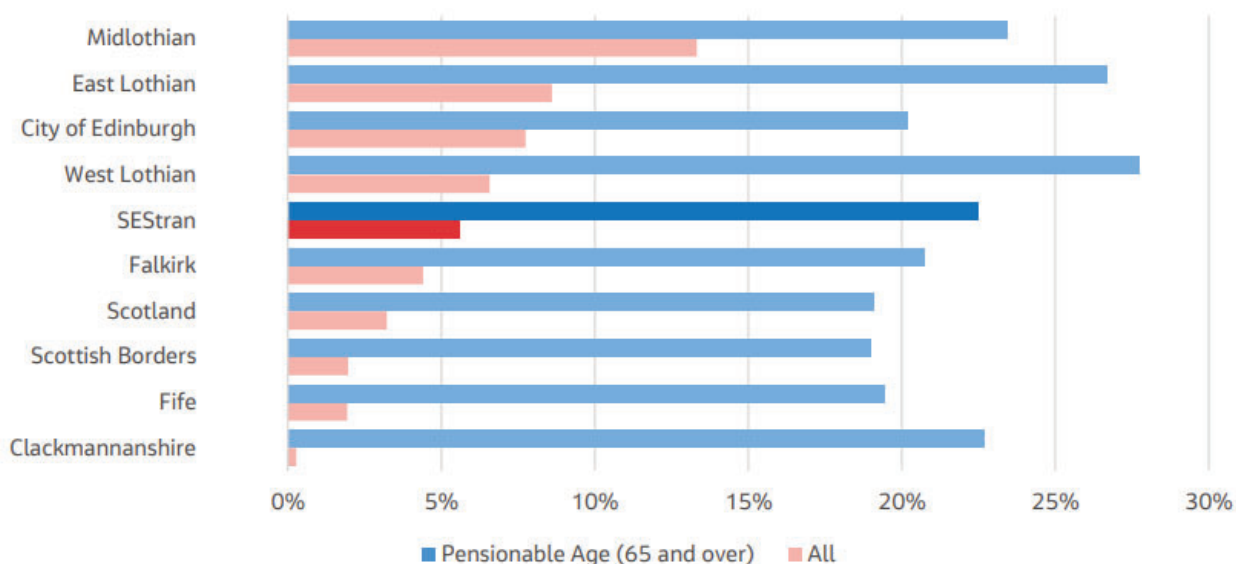


Figure 4 Rate of Growth (Extract from [SEStran-Main-Issues-Report.pdf](#))

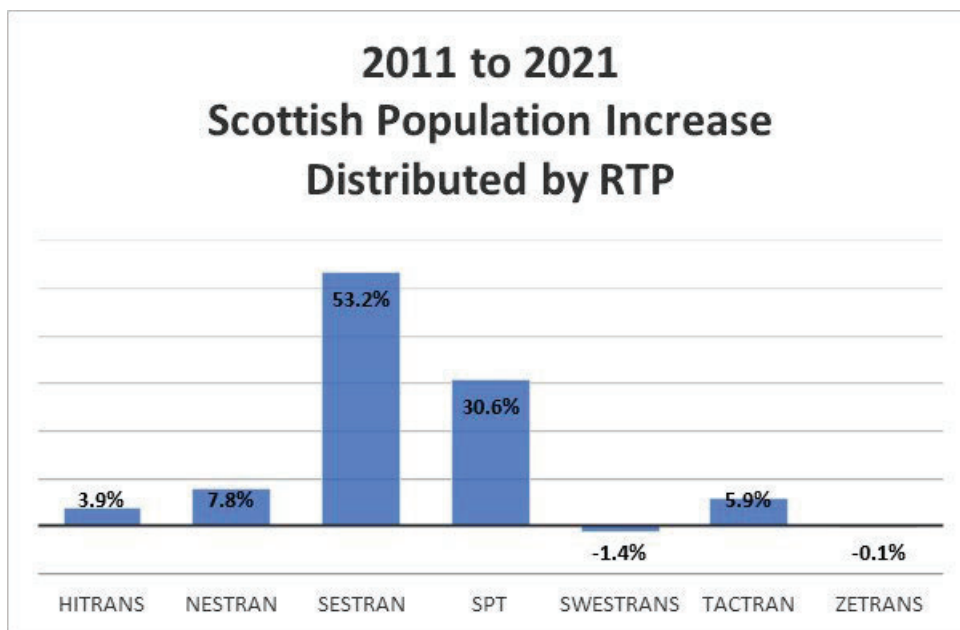


Figure 5 Population Increase 2011 to 2021 (Data source NRS)

Funding

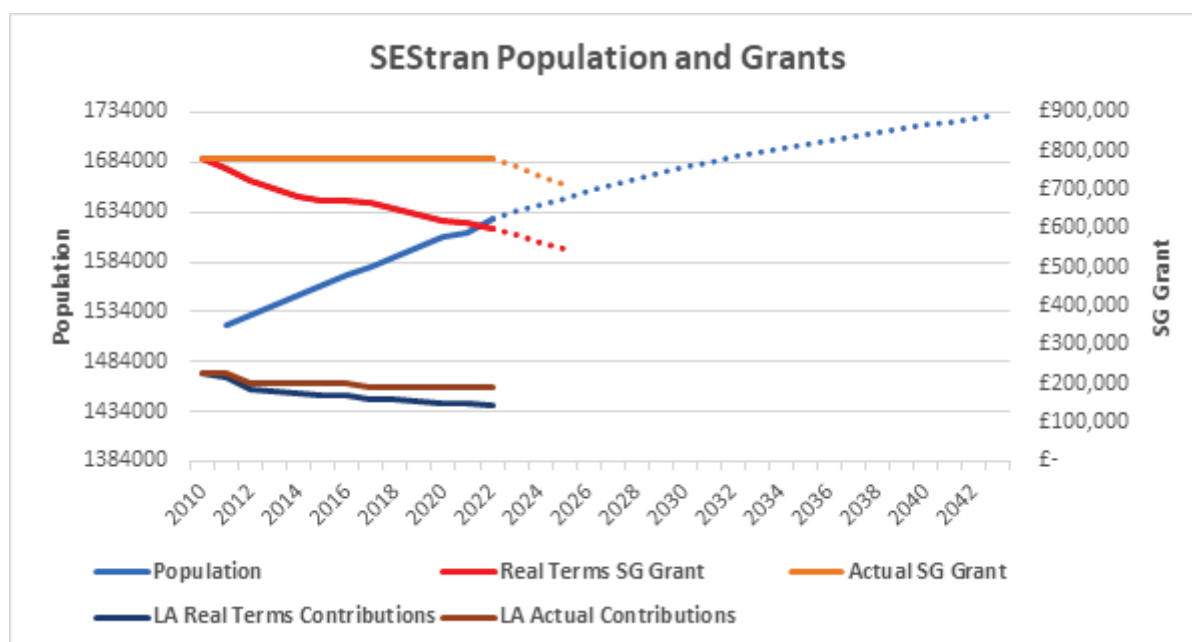


Figure 6 Population Increase 2010 to 2042 (Data source NRS)

Relevant factors to be considered in allocating RTP funding

The following extracts are from the draft [new Regional Transport Strategy](#) ([2022-03-18-Item-A5-Regional-Transport-Strategy-2035.pdf \(sestran.gov.uk\)](#)) and highlight:

- the geographical coverage across the region to impact on and achieve the 20% car kilometre reduction:
- the need for improved transport to connect to deprivation areas to tackle inequalities.

These are factors that should be included in determining the allocation of resources across the RTP's

Theme 1 - Reducing car-km and car mode share

- Aside from travel into central Edinburgh, car is very much the dominant mode across the SEStran area. A 'whole-region' approach is therefore required if the level of car km and associated emissions and energy usage is to be reduced – targets are unlikely to be met by incremental infrastructure improvements only.
- Edinburgh is home to around 45% of the region's jobs, so 55% of commuting by residents of the area does not involve Edinburgh – commuting between non-Edinburgh SEStran local authorities has a 90%+ car mode share. Reducing car-based commuting to Edinburgh's suburbs and into the region's other major settlements and employment centres is a key priority.
- Car-based commuting from outside Edinburgh into Edinburgh's suburbs in particular contributes heavily to congestion and emissions in the city. Other than on the corridor of approach, public transport connectivity around Edinburgh's suburbs is poor – more direct connections and improved interchange is necessary to allow easier movement between corridors and avoid the need to travel through the city centre if using public transport.
- Direct cross-Edinburgh and round Edinburgh connectivity by public transport is very limited leading to high car use for trips around Edinburgh. Cross-Edinburgh and orbital connectivity improvements are required to narrow the gap between car and public transport for these trips.

Theme 2 - Better connecting communities affected by deprivation to a wider range of opportunities

- The following chapters in the RTS identify locations where poor public transport connectivity may be contributing to deprivation. These locations have been identified separately for more rural and more urban areas. Where tackling inequalities is the objective, these areas should be the primary geographical focus of improving connectivity and hence life opportunities.

End of Appendix 1.

A5.1 Supporting Paper to Draft Budget 2016/17 Financial Planning Report

1. Introduction

- 1.1 Regularly, since 2009, SEStran has been successful in attracting additional funding from a variety of sources.

2. Details

- 2.1 In 2009, an ERDF grant of approximately **£1.3m** was won for the initial spend on the RTPI contract. Contributing further to RTPI, an award of **£2m** covering years 2013 and 2014 was won from the Bus Investment Fund.
- 2.2 SEStran's RTPI scheme was awarded Gold in the category of Local Authority Bus Project of the Year for 2014 at the UK Bus Awards in London, on 18th November 2014. This represents recognition, at a UK level, of SEStran's achievement in working in partnership with its Local Authorities and transport providers to provide a step change in quality of service for passengers across the region.
- 2.3 SEStran was awarded an Achievement Award in September 2015 from the Scottish Accessible Transport Alliance in recognition of outstanding achievement in facilitating transport services for disabled people. This was for our work on the SEStran Thistle card which has now been rolled out in other RTP areas and is an excellent example of what can be achieved on a limited budget.
- 2.4 SEStran has also received support from Scottish Enterprise for the RTPI scheme towards the promotion of display screens in commercial premises, showing RTPI along with potential advertising material for which SEStran would gain an income stream to contribute towards the long term maintenance of the system.
- 2.5 Over a similar timescale, substantial further funding was attracted from the EU, through the North Sea Region and North West Europe Interreg programmes and this will continue during 2016/17 with projects under IEE (Intelligent Energy Europe) and Horizon 2020. Past projects include Dryport, ITransfer, Lopinod, Foodport, Weastflows and Nweride which collectively brought in **£891,000** from the European Union.
- 2.6 SEStran continues to seek further opportunities to get involved in European projects which can contribute to the development of the Regional Transport Strategy and bring in funding to supplement that of the Government and the councils and enhance its ability to achieve its stated aim of building a transportation system for South East Scotland

that is comprehensive, sustainable and inclusive, that meets the needs of business and helps guarantee the economic future of the region.

- 2.7 Against a back-cloth of reduced funding from both Scottish Government and the constituent Councils in recent years, SEStran in the past year, has had to absorb the loss of £48,000 of SESplan income following their decision to vacate the SEStran office. In the following year, when the current office lease expires, SEStran anticipates making a further saving in premises costs by taking up accommodation within the Scottish Government's building at Victoria Quay in Leith.
- 2.8 With reference to the Transport (Scotland) Act 2005, Section 3 (1) which states, "The net expenses of a Transport Partnership for each financial year shall be paid by – (a) its constituent councils;.....", it is pertinent to note that in the financial years 2013/14 and 2014/15 SEStran's outturns were under-spends of 1.4% and 1.3%, respectively which is evidence of diligent budget management.
- 2.9 In the current year, SEStran's project budget is **£2.6m** and this includes **£2.169m** of external income brought in by SEStran. Based on the Council requisition of £200,000, this represents an investment of **£10.85 for every £1** invested by constituent Councils.

3. Recommendations

- 3.1 That the board notes the contents of this report.

Jim Grieve
Programme Manager
December 2015

| | |
|------------------------------------|----------------------------|
| Policy Implications | None |
| Financial Implications | As detailed in this report |
| Race Equalities Implications | None |
| Gender Equalities Implications | None |
| Disability Equalities Implications | None |





Projects Performance Report

1 Introduction






- 1.1 This regular report and its appendix track progress over the last quarter across SEStran's projects and key work streams. Impacts on progress or delivery are explained where required.

2 Performance Report

- 2.1 Progress against milestones and timescale is indicated in the attached report template through a high level 'RAG' (Red-Amber-Green) status with 'Blue' for completed action.

| RAG Status | Meaning: |
|---|-----------------------------------|
|  | Complete |
|  | Progressing to plan |
|  | Some issues or delays encountered |
|  | Severe issues or delays |

- 2.2 The alignment of project work to SEStran's Strategic Objectives is indicated using the following symbols.

| | |
|---|-------------------|
|  | Economy |
|  | Accessibility |
|  | Environment |
|  | Safety and health |
|  | Corporate |

3 Recommendations

- 3.1 The Committee is asked to note progress recorded in the past quarter, summarised in the attached Appendix 1, prior to onwards reporting to the Board.

Anna Herriman
Senior Partnership Manager
September 2022

Appendices

Appendix 1

Projects Performance Report September 2022

| | |
|-----------------------------|--|
| Policy Implications | Outlined project work contributes to the objectives identified within SEStran Regional Transport Strategy. |
| Financial Implications | All project work is delivered from within confirmed budgets. |
| Equalities Implications | There are no adverse equalities implications arising from SEStran projects. A number of projects actively work to reduce inequalities. |
| Climate Change Implications | There are no negative climate change implications arising from SEStran projects. A number of projects actively work to tackle climate change through creation of, or support for more sustainable transport options. |

SEStran Projects Performance September 2022

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1. Strategy

1.1 Regional Transport Strategy



Start date: November 2020

Initial completion date: March 2022

Expected completion date: September 2022

Overall project progress:

On track

Project description: A new Regional Transport Strategy (RTS) to cover the period up to 2035 will align to the National Transport Strategy 2, National Planning Framework 4, Climate Change (Scotland) Act 2019, as well as regional spatial and economic strategies under development across the SEStran area.

SEStran's first RTS was approved in March 2007 to cover the period from 2008 until 2023. The strategy was refreshed in August 2015 to cover the period until 2025. In addition to a new policy context the new RTS takes account of potential impacts for future travel demand, behaviour and the transport system resulting from Covid-19.

Project Development:

• Last quarter

On track

- Following completion of all STAG stages of RTS development and statutory consultation in February 2022, officers worked with Scottish Borders Council colleagues to enhance the way rural transport issues were reflected within the draft new RTS; this work concluded with a report to Scottish Borders Council in August 2022 supporting the new RTS.
- The scope for a new monitoring framework, (Programmed Investment Plan) to track transport investment and delivery of RTS priorities has been developed for procurement.
- A draft Executive Summary for the draft new RTS has been developed by consultants.

• Stages Achieved

On track

- Completion of all STAG stages including statutory consultation.
- Final edits to incorporate additional comments from Scottish Borders Council.

• Next Steps

On track

- Report to the Partnership Board with Final RTS
- Submit Final RTS to Scottish Ministers for approval

2. Strategic Active Travel Projects

2.1 GO e-Bike



Start date: April 2018

Initial completion date: ongoing programme

Expected completion date: ongoing programme subject to funding

Overall project progress:

In progress

Project description: GO e-Bike, the regional bike-sharing scheme launched in 2018, aims to increase the visibility of e-bikes and increase access to e-bike use within community hubs or community groups in the region. The project first phase was possible with SHARE-North funding for four community-run GO e-Bike hubs in Fife (two), West Lothian and Falkirk which remain active. In 2018 SEStran secured funding from the Low Carbon Travel and Transport (LCTT) Fund and Transport Scotland (TS) to fund GO e-Bikes into to six further hubs / locations. The latest stations trial Bewegen GO e-Bike hire stations in East Lothian and Midlothian. In 2021, SEStran worked with Transport Scotland to support the development of the Cargo Bike Movement (CBM) cargo-bike hub in the south side of Edinburgh. The hub promotes cargo bikes as a fairer, healthier, and carbon-free vehicles for delivery of goods and for individuals and families. Go e-Bike added two e-cargo bikes to the project.

Project Development:

▪ Last quarter

In progress

- Ongoing discussion with Bewegen on expansion opportunities.
- Support to community hubs in Scottish Border to deliver led-rides.
- Maintenance, operation, and marketing contract agreed with Bewegen for additional 12 months.
- Usage and site survey carried out by Midlothian Council. Site visits at Penicuik and Dalkeith.

• Stages achieved

On track

- All planned hubs operational (May 2021)
- LCTT funding fully maximised with 6 new hubs.
- The final report to LCTT and Transport Scotland completed.

• Next steps

In progress

- Groundworks for new wayfinding panels as required at Go e-bike stations.
- Work with partners to promote scheme in East and Midlothian. Upgrade signage for existing Bewegen stations.

- Planning for activities of all hubs in 2022/23.
- Identify sites for expansion of the Bewegen system including provision of cargo trikes. Work with Midlothian Council on relocation of Jarnac Court e-bike station.

2.2 Regional Cycle Network Grant Scheme



Start date: April 2014

Initial completion date: ongoing programme

Expected completion date: ongoing programme subject to funding

Overall project progress:

In progress

Project description: Provided through a partnership between Sustrans Scotland and SEStran, the Regional Cycle Network Grant Scheme delivers an annually agreed set of improvements to the cross-boundary utility routes.

Project Development:

- **Edinburgh BioQuarter**
- Following an internal City of Edinburgh Council review of potential transit routes across the city the BioQuarter project has restarted.
- Sweco have been engaged to recommence final stages of design in light of the review addressing some specific junctions and signalling requirements.
- This project is now projected for completion this year.

Delayed

2.3 Regional Active Travel Development Fund – Transport Scotland



Start date: Financial year 2022/23

Initial completion date: March 2023

Expected completion date: March 2023

Overall project progress:

In Progress

Project description: The Regional Active Travel Development Fund was established between Transport Scotland and the Regional Transport Partnerships in 2018/19 and allows for an annual award for delivery of agreed project work. SEStran's proposal for projects in 2022/23 to Transport Scotland has been awarded up to £597,000 for this fifth year of funding. A number of projects from 2020/21 carried forward with agreement of Transport Scotland, are now completed as reported below.

Project Development:

- | | |
|--|--------------------|
| <ul style="list-style-type: none">▪ Project 1: Attitudinal Survey | Complete |
| <ul style="list-style-type: none">▪ Last quarter:<ul style="list-style-type: none">▪ The final wave of qualitative panels was held prior to the summer with similar findings to the previous waves.▪ Next steps:<ul style="list-style-type: none">▪ A final publication will be compiled by officers for publication taking insights from the two years of results. | |
| <ul style="list-style-type: none">▪ Project 2: 'Do The Ride Thing' Awareness Campaign• Last quarter:<ul style="list-style-type: none">• The final pieces of marketing were completed after some missed broadcasts on a number of platforms. | Complete |
| <ul style="list-style-type: none">• Stages achieved:<ul style="list-style-type: none">• The overall campaign was hugely successful with a large audience reach and engagement rate.• The results returned values in excess of twice the market benchmark for engagement across social media and online campaign presence.• Next steps:<ul style="list-style-type: none">• SEStran were not successful in securing additional funding this year for another campaign but the creative content remains available for partner authorities to utilise. | |
| <ul style="list-style-type: none">▪ Project 3: SEStran Strategic Network• Last quarter:<ul style="list-style-type: none">• ARUP were successfully awarded a contract for further project management and development of the routes studied in the previous year, with additional elements of discussion within local authorities and a package of survey work to be undertaken under subcontract to take these routes closer to the next stage and construction funding bids.• All work is on track for completion in early March. | In progress |
| <ul style="list-style-type: none">• Stages achieved:<ul style="list-style-type: none">• Procurement exercise completed and inception meeting held with consultant team.• Next steps:<ul style="list-style-type: none">• Further funding will be utilised to procure data collection equipment in relation to these routes to inform the next stages of design and engagement with local authority departments. | |
| <ul style="list-style-type: none">• Project 4: GO e-Bike• Last quarter: | In progress |

- £186,000 funding was secured for further development of GO e-bike as described in section 2.1.

2.4 Cycle Training and Development – Cycling Scotland



Start date: core workstream

Initial completion date: ongoing

Expected completion date: ongoing

Overall progress:

In Progress

Project description: This workstream is made possible through a partnership arrangement with Cycling Scotland and supports the delivery of Bikeability Scotland National Standard cycle training delivered by local authority Bikeability coordinators. It promotes, encourages, and develops cycle training opportunities across SEStran projects.

Project Development:

▪ Bikeability Scotland

In progress

- **Last quarter:**
- Delivery across the region was largely at or exceeding pre-pandemic levels over the 2021/22 school year. Meetings held with most LAs in the region to advise on Support Plus funding applications for 2022/23 school year.
- Worked with Falkirk to increase delivery rates through third party support.
- Two Bikeability Scotland Instructor Training courses have taken place in East Lothian in August and a mentor training course will be run in October. These courses will support an increase in capacity to deliver training in the region.
- Mid-year review meetings have been held with the eight Local Authority Bikeability Scotland Coordinators. East Lothian, Scottish Borders, Edinburgh, Clackmannanshire, and West Lothian are on track to meet or exceed pre-pandemic delivery rates and targets for the year.
- Organised an inclusive Bikeability delivery session for Edinburgh school staff and Thistle staff and volunteers for September.
- **Next steps:**
- Support will continue with particular focus on areas currently struggling to meet targets, to increase awareness of the programme and availability of trained school staff or third-party delivery.

▪ GO e-Bike cycle training

In progress

- **Last quarter:** Training is offered to all hubs as they are completed and as part of ongoing development plans.

- Funding to support led-rides using e-bike fleet as part of the legacy work from the Enduro world series (Scottish Borders - Tweedvalley)
- **Next steps:**
- Explore options for tying in training offers with Go e-bike hire schemes including 'demo days' in East Lothian and Midlothian.

▪ **Adult and Family Cycle Training**

In progress

- **Last quarter:** Grant funding is available for cycle training providers and organisations who would like to start running cycle training activities (<https://www.cycling.scot/what-we-do/training/essential-cycling-skills/grant-funding>).
- Cargo bike training is being supported in partnership with Sustrans Scotland and other organisations. Sustrans staff are being trained to further support delivery of cargo bike training across the country.
- Essential Cycling Skills training is being supported in Midlothian in September/October
- **Next steps:**
- Continue to identify opportunities to improve access to cycle training through engagement with partners.

3. Strategic Public Transport Projects

3.1 Real Time Passenger Information (RTPI)



Start date: 2010

Initial completion date: ongoing workstream

Expected completion date: ongoing workstream

Overall progress:

In Progress




Project description: SEStran began implementing a region wide network of RTPI screens, providing bus timetable information to make bus travel more predictable and reliable in 2010. SEStran has worked with partners to build up a comprehensive network of over 200 maintained screens in travel hubs such as railway stations, park and choose / ride sites, hospitals, colleges, universities, shopping centres and large employer hubs. More recently SEStran has worked with the City of Edinburgh Council to develop a new, common Content Management System that will improve the information provided in the public facing regional screen network incorporating Lothian Buses information.

Project Development:

- **Last quarter:**

In progress

| | |
|--|--------------------|
| <ul style="list-style-type: none"> ▪ PC replacement for the old system has 70% of the PCs delivered now 'live'. ▪ New installations of standalone screens purchased via the framework continue to be utilised by Local Authorities. ▪ New operator Ember being integrated into the system. ▪ Weekly meetings held with Local Authority partners and projects team. | |
| <ul style="list-style-type: none"> ▪ Stages achieved: ▪ System testing was completed, and the system accepted in November 2021. ▪ The system is live with bus operator data being integrated into the live system. ▪ The purchasing framework is being utilised by SEStran and Local Authorities to provide additional Real Time infrastructure for the region. | <i>On track</i> |
| <ul style="list-style-type: none"> ▪ Next steps: ▪ Roll out of new PCs will continue, 170 have been distributed to date from the total of 200. ▪ The new regional real time system is being updated with real time data from bus operators. Data integration has significantly improved. | <i>In progress</i> |
| <ul style="list-style-type: none"> ▪ NOVUS FX ▪ The NOVUS FX platform contract for the next 3 years is now in place. | <i>In progress</i> |

| | |
|--|--|
| 3.2 Thistle Assistance Programme |    |
| Start date: 2005 | |
| Initial completion date: ongoing workstream | |
| Expected completion date: ongoing workstream | |
| Overall project progress: | <i>In Progress</i> |
| <p>Project description: SEStran has developed the (national) Thistle Assistance Scheme to make using public transport easier for older people and those with disabilities, illness or mobility issues. SEStran is leading on the development of a new journey planning aspect of the scheme.</p> <p><u>Project Development:</u></p> | |
| <ul style="list-style-type: none"> ▪ Last quarter: ▪ Thistle Assistance was promoted in key publications, Enable, Inspire and Possibility magazine with editorial highlighting the new journey planning project. ▪ SEStran officers updated Scottish Governments Accessible Travel Steering group in August 2022. ▪ Work on the journey planning project has now finished with system design and a pilot ready for testing. | <i>In progress</i> |
| <ul style="list-style-type: none"> ▪ Stages achieved: • Journey planning project running to plan with final system design and pilot development. • Six-month milestone meeting point met with Scottish Enterprise approval. | <i>On track</i> |
| <ul style="list-style-type: none"> ▪ Next steps: | <i>In progress</i> |

- Stage one initial testing of journey planning prototype has commenced.
- Options for further development/use - SEStran will be discussing with key stakeholders Transport Scotland and Traveline Scotland.

3.3 Newburgh Train Station Study



Start date: December 2019

Initial completion date: March 2020

Expected completion date: March 2022

Overall project progress:

In Progress

Project description: SEStran procured Systra to carry out a transport options study for Newburgh, on behalf of SEStran. The study is funded by the [Local Rail Development Fund](#) that was introduced by the Scottish Government in February 2018, with the aim of providing funding to develop community led options to improve local rail connections.

Project Development:

- **Last quarter:**
 - Work on the Detailed Options Appraisal has been completed.
 - Final report with recommendations submitted to Transport Scotland.
- **Stages achieved:**
 - Case for Change, Initial Options Appraisal and Detailed Options Appraisal.
- **Next steps:**
 - Awaiting feedback from Transport Scotland.

In Progress

Complete

In Progress

3.4 Bus Service Improvement Partnerships



Start date: May 2020

Initial completion date: ongoing area of work

Expected completion date: March 2026

Overall project progress:

In progress

Project description: The Bus Partnership Fund (BPF) is a £500m Transport Scotland capital fund for the delivery of infrastructure to tackle the impacts of congestion on bus priority and reliability. Bids can be made by partnerships working towards a Bus Service Improvement Partnership (BSIP) status. BSIPs must be collaborative, involving bus operators that provide services in a local authority or BSIP area, and other relevant partners. SEStran has supported five bus alliance groupings to become established and supported the development of bids in the region, namely Forth Valley, Fife, Midlothian, West Lothian and Edinburgh. Funding contributions have been made to bid development costs in four partnerships. Across the region, all bids submitted have now received funding to progress some or all of their proposals. SEStran is now also contributing by providing project management services to Midlothian and Forth Valley Bus Alliance bids.

Project Development:

- **Last Quarter:** In Progress
SEStran remains involved in and supportive of all the Alliances as they work through the STAG appraisal process, supported by consultants. Current activities include development of the Case for Change for each alliance, and consultation on the proposals as they develop.
- **Stages achieved:** On track
 - Work is continuing around STAG appraisal, consultation, and development and refinement of governance structures. Full Scottish Government Guidance and regulations on the emergent Bus Service Improvement Partnerships (BSIPs) is awaited.
- **Next steps:** In Progress
 - SEStran will continue to work with all Partnerships on proposed governance structures, plans, and schemes, pending the emerging Guidance and regulations from Scottish Government.
 - Engage with Transport Scotland on issues relevant to the emerging BSIPs in the region, including governance arrangements and efficient application of STAG Appraisals.
 - Continue to convene regular region-wide meetings of Alliance project managers, including Tayside Bus Alliance, to discuss matters of common interest, ensuring a consistent approach to the development of bids and sharing best practice.
 - Continue to provide project management services (funded from the Bus Partnership Fund awards for Midlothian and Forth Valley Bus Alliances).

3.5 The GO SEStran project



Start date: March 2022

Planned completion date: March 2023

Expected completion date: as above.

Overall project progress:

In progress

Project description: SEStran has worked with a wide range of stakeholders across the South East of Scotland to develop the GO SEStran project, an innovative MaaS and DRT project proposal that was submitted to the Transport Scotland's MaaS Investment Fund Round 2 (MIF2). The GO SEStran project was awarded £212,440 for the development of MaaS and DRT pilots in the SEStran region over the course of a one-year period.

SEStran is delivering the project in partnership with three project partners; Fuse Mobility as MaaS providers, East Lothian Council and Tactran.

Project development:

▪ Last Quarter:

In progress

- SEStran concluded the necessary legal agreements with project partners and Transport Scotland to ensure the project commenced on 1st July.
- The Go SEStran app was launched in early August and can now be downloaded from Google Play and Apple app stores.

▪ Stages achieved:

In progress

- A Monitoring and Evaluation Plan has been agreed and signed off by Transport Scotland. A Marketing and Communications Plan is in the process of being finalised, whilst meantime, 'soft launch' activities are being undertaken, including taking a stall at Queen Margaret University's Freshers event on 29th September.

• Next steps:

In Progress

- SEStran continues to work with Transport Scotland to report on progress.
- SEStran is working with all partners to maximise the marketing of the app, which has so far received very encouraging feedback.
- Fuse are continuing with the work needed to integrate further improvements to the app, including real time passenger information and other transport modes such as Bewegen e-bikes.
- SEStran is working with East Lothian Council with a view to enabling the launch of the DRT pilot later this year.
- SEStran and Tactran are collaborating on a number of fronts to ensure funding of the app will continue past March next year.

4. Freight and Logistics Projects

4.1 Forth Freight Study



Start date: May 2020

Initial completion date: December 2021

Expected completion date: June 2022 (end date revised by funder, Transport Scotland)

Overall project progress:

In progress

Project description: This study, delivered by SEStran in partnership with Forth Ports, explores the potential in the region, particularly around the Forth, for developing sustainable, multimodal freight gateways. It aims to identify key locations for potential freight consolidation centres that would maximise the sustainable movement of freight at national, regional, and local levels. The study is being carried out for SEStran by appointed consultants Aecom. The study is funded by the [Local Rail Development Fund](#) that was introduced by the Scottish Government in February 2018.

Project Development:

- **Last Quarter:**
 - Initial Options Appraisal work is complete.
 - Submitted to Transport Scotland in August 2022 for comment.
 - Meetings help with stakeholders and business has informed the development of the work.
- **Stages achieved:**
 - Case for Change approved December 2021.
- **Next steps:**
 - Begin work on Detailed Options Appraisal subject to Transport Scotland approval.

In progress

On track

In Progress

5. European-funded Projects

5.1 SHARE-North

Interreg North Sea Region, ERDF



Start date: January 2016

Initial completion date: December 2019

Expected completion date: June 2022 (following successful extension application and 6-month Covid-19 extension)

Overall project progress:

Complete

Project description: SHARE-North focuses on shared mobility and its potential to address sustainable transport challenges in the North Sea region. This includes developing, implementing, promoting and assessing car, bike and ride sharing and other forms of shared mobility in urban and rural areas and employment clusters. One example is the establishment of Mobility Hubs. A Mobility Hub seeks to raise the profile of shared mobility (car club, bike-sharing, carsharing), by integrating these modes of transport with existing public transport provision. Following the completion of the Mobility Hub Strategic Study in 2020 SEStran has been working with partners to identify potential opportunities to plan for Mobility Hubs.

Project Development:

- **Last Quarter:** Complete
 - SEStran hosted the final project meeting of the SHARE-North project in at the end of June 2022. The meeting reviewed partner highlights from the project across the partner countries.
 - The final claim for EU grant funding has been prepared at submitted. The additional geo-fenced Bewegen e-bike hubs is complete and will be monitored.
- **Stages achieved:** Complete
 - Project completion and hosting of the final project event
- **Next steps:** Complete
 - The Share North project officially ended 30 June 2022. However, shared mobility policies are included in the draft Regional Transport Strategy which is due to be considered for approval by the Board in September 2022. How shared mobility is integrated and expanded into the transport network is a key focus of future work.

5.2 SURFLOGH

Interreg North Sea Region, ERDF



Start date: June 2017

Initial completion date: October 2020

Expected completion date: June 2023

Overall project progress:

In progress

Project description: SURFLOGH aims to enhance the role of sustainable logistics in urban logistics networks in the North Sea Region. SURFLOGH has created a trans-national network of 'city hubs' promoting innovation in city logistics. These hubs bring together different partners to exchange knowledge and work on innovative pilot projects and business models that can work in real world urban logistics systems. SEStran's Edinburgh pilot operating near Haymarket has now been running successfully since 2018, and the study is in an advanced stage.

Project Development:

- **Last Quarter:** In progress
 - Procurement for consultancy support on Perth West completed in July.
 - AECOM were successfully awarded the contract to develop a freight and logistics framework for Perth West. A hybrid inception and partner meeting was held in Perth in August 2022.
- **Stages achieved:** On track
 - Procurement completed.
 - Ongoing engagement with partners in Tactran and Perth West development consultant.
- **Next steps:** In progress
 - Partnership Meeting in Edinburgh September 2022.

5.3 BLING

Interreg North Sea Region, ERDF



Start date: January 2019

Initial completion date: June 2022

Expected completion date: June 2023

Overall project progress:

In progress

Project description: Blockchain is a key enabling technology that will underpin efforts to deliver innovative services under the Digital Agenda for Europe. The BLockchain IN Government (BLING) project focuses on providing one of the first dedicated platforms to bring these tools and approaches into local and regional services. SEStran's role is to develop a pilot with the University of Edinburgh, which will showcase innovative use of the technology in a transport environment.

Project Development:

- **Last Quarter:** In progress
 - SEStran have appointed [Optimat Ltd](#) to build on the conclusions of the BLING project work to date, identify and evaluate opportunities and challenges to the wider implementation of blockchain technology, smart contracts, and distributed ledger technology, in local government within the Scottish policy landscape, with a particular focus on the impact on transport.
- **Stages achieved:** On track
 - GeoPact pilot proof of concept delivered.
 - Research paper written and shared.
 - Project extension approved.
- **Next steps:** In Progress
 - Continue to work on scoping and policy paper, stakeholder event on the 5th of October.

- Partnership meeting in Edinburgh in October 2022

5.4 PriMaaS

Interreg Europe, ERDF



Start date: August 2019

Initial completion date: January 2023

Expected completion date: July 2023 (following 6-month extension due to Covid-19 impacts)

Overall project progress:

In Progress

Project description: Mobility-as-a-Service (MaaS) is a concept that changes the way people travel and pay for mobility services. The main vision of PriMaaS is to promote MaaS and incorporate wider societal goals through interregional collaboration, sharing best practices, and policy development.

Project Development:

▪ **Last Quarter:**

In Progress

- Phase one of the PriMaaS project officially concluded on 31 July
- SEStran also presented a paper to a related EU project's conference, CISMob, in Stockholm in May.

▪ **Stages achieved:**

On track

- Completion of Phase One of the project which included the submission of the Action Plan and submission of the best practices; Go Borders DRT trial and Tactran ENABLE Platform

▪ **Next steps:**

In Progress

- Monitoring of the Action plan will take place over the next 12 months
- A final face to face event is planned in the Coimbra region of Portugal in June 2023.

5.5 CONNECT

Interreg North Sea Region



Start date: October 2019

Initial completion date: March 2022

Expected completion date: December 2023

Overall project progress:

In Progress

Project description: [CONNECT's](https://northsearegion.eu/north-sea-connect) overall objective is to support the growth of 'smart inter-modality' in the North Sea Region, through smart efficiency enhancements within freight movement. It looks at connecting the North Sea Region's TEN-T nodes, focusing on implementing new smart processes and working tools (smart inter-modality) and development of strategies for smart efficiency enhancements (smart involvement). <https://northsearegion.eu/north-sea-connect>

Project Development:

- **Last Quarter:** In progress
 - SEStran integrating freight study work into project.
- **Stages achieved:** In progress
 - Not applicable.
- **Next steps:** In Progress
 - SEStran will be visiting the Port of Gothenburg in September 2022.
 - CONNECT partners will be visiting Forth Ports in November 2022 on a study visit.
 - SEStran will be review with Forth Ports their approach to enhancing sustainable ports operations and increasing commercial efficiency, this work will be reported back to the project team.

5.6 REGIO-Mob

Interreg Europe, ERDF



Start date: April 2016

Initial completion date: March 2020

New start date: October 2021

New completion date: September 2022 (following approval of additional 1 year funding for project activities in relation to Covid-19 impacts)

Overall project progress:

In Progress

Project description: REGIO-Mob aims to promote "learning, sharing of knowledge and transferring best practices between the participating regional and local authorities to design and implement regional mobility plans (or Regional Transport Strategies)".

The additional REGIO-MOB activities, through a partnership made up of six partners from six European regions (Italy, Poland, Romania, Slovenia, Greece, UK), will allow for an exchange of experiences aimed at learning about the best solutions developed to deal with the Covid-19 crisis and to improve six policy instruments for public transport policies to meet the new needs of planning and guarantee a safer and sustainable mobility.

Project Development:

- **Last quarter:** In Progress
 - The second of three interregional events was held in Slovenia where best practices of the Slovenian and Greek project partners were presented and discussed.
- **Stages achieved** In Progress
 - Ongoing exchange of information between the project partners through the Interregional exchange process.
- **Next steps:** In Progress
 - The Interregional exchange process in Edinburgh will take place on 7th and 8th September where the best practices from SEStran and the Italian partners will be presented and discussed.
 - Finally, six brief summaries on the key elements learned to drive the change will offer visibility of the results achieved and will facilitate applicability in project's regions and replicability in other European regions as well.

6. SEStran forums and upcoming events

6.1 SEStran Forum Meetings



SEStran hosts three different forum groups, the Integrated Mobility Forum, the Equalities and Access to Healthcare Forum and the Logistics and Freight Forum. The aim of the forums is to provide a platform for interested parties to come together and to formulate a regional voice in various transport-related matters.

Latest Forum meetings:

- **Logistics and Freight Forum**
 - The forum will take place in the last quarter 2022, with a date yet to be confirmed.
- **Equalities and Access to Healthcare Forum**
 - The last forum took place on 31 March 2022.
- **Integrated Mobility Forum**
 - The last forum took place on 7 October 2021.

Draft Annual Report 2021/22

1. INTRODUCTION

- 1.1 The purpose of this report is to present to the Performance and Audit Committee the draft Annual Report for 2021/22, in advance of presentation to the Partnership Board.

2. ANNUAL REPORT

- 2.1 The Annual Report provides an overview of SEStran's project portfolio. It highlights the contributions that SEStran has made to the region over the last year, in line with the agreed objectives of the Regional Transport Strategy (RTS) and SEStran's Business Plan.
- 2.2 Once approved by the Board, the Annual Report will be published online. It can be made available in alternative formats on request.

3. RECOMMENDATION

- 3.1 The Committee is asked to note the contents of the draft document and any comments on the draft document are welcomed for discussion.

Jim Grieve
Partnership Director
9 September 2022

Appendix 1 – Draft Annual Report 2021/22

| | |
|-----------------------------|--|
| Policy Implications | None. |
| Financial Implications | Design costs can be met from within existing budget. |
| Equalities Implications | Details of SEStran's Equality Mainstreaming work are contained within the Annual Report. |
| Climate Change Implications | The Annual Report highlights our Climate Change reporting publications and work on reducing the environmental impact of transport in the South East of Scotland. |



South East of Scotland
Transport Partnership

2021-22 Annual Report.

DRAFT

Contents

1. Foreword (Chair)
2. Who we are
3. What we do
4. Appendix: Annual Accounts and Reports
5. Contact Information

(Note page numbers to be confirmed pending final publication formatting)

Foreword

CLlr Colin Davidson, Partnership Chair

As Chair of SEStran, I'm pleased to present SEStran's annual report for 2021/22.

The past year has been a success for SEStran, despite huge challenges arising from Covid-19. This annual report records the areas of impact and added value across the breadth of SEStran's activities. By way of an introduction, I would like to highlight a few accomplishments here.

SEStran's talented staff team continued to work from home throughout the year, with Board, Committee and Forum meetings held online. It falls to me as Chair of the Board to express my sincere thanks to the team for their efforts in planning engaging online meetings, delivering business continuity across many workstreams, and actively participating in numerous regional and national transport policy groupings. I also thank all Partnership Board members that served during 2021/22, for their contribution to SEStran's success.

The year saw the conclusion of all key stages in developing a new (draft) statutory Regional Transport Strategy (RTS), which reframes the transport challenges of our region and time, within the context of national policies for Transport, Planning and Climate. The draft RTS, which includes new elements of spatial transport strategy has been developed with excellent input from partner authorities and the public. The feedback provided has helped develop a strong draft RTS, to act as a framework for local transport plans, looking forward towards 2035.

During the year, the Partnership had considerable impact in its support for emerging Bus Alliances, working across sectors with partners and operators to identify bus priority schemes, establish appropriate governance arrangements, resulting in five Bus Partnership Fund awards in the region. This important work helps address the concerns of transport authorities and operators at all levels with the slow return of public transport passengers throughout the second year of the pandemic.

Another substantial milestone was the successful shift to a new region-wide Real Time Passenger Information (RTPI) management system. Delivered in partnership with City of Edinburgh Council, this benefits passengers across the region with accurate bus arrival information. In addition to facilitating an increasing number of bus operators using the system, SEStran supported the improved data management system with the acquisition of nearly eighty new computers ready for deployment to regional RTPI screens.

The expansion of GO e-Bike into four new locations in the early part of the year helped raise awareness with many of the potential of e-Bikes as a convenient mode of transport. This was particularly appropriate in 2021/22, given the increasing interest in access to active travel options during the pandemic.

Finally, the Partnership's exceptional work in future transport innovations, saw significant progress. The team advanced technology trials, development and feasibility work in freight consolidation, last mile logistics, fully accessible journey planning software, Demand Responsive Transport options and Mobility as a Service solutions and others. SEStran its Board and in particular its officers, took vital steps towards making longer term aspirations for a sustainable, integrated transport system a reality.

I would like to thank you for your interest in the work of SEStran and commend to all the work of the Partnership in 2021/22. In particular, the work of the officers led by Jim Grieve, our senior officer, who displayed excellent leadership and provided stability during a time of unprecedented challenges.

COUNCILLOR COLIN DAVIDSON
Chair, SEStran
August 2022

(Insert photo signature and twitter)

Who we are

SEStran is the South East of Scotland Transport Partnership. We are one of seven statutory Regional Transport Partnerships in Scotland established under the Transport (Scotland) Act 2005. SEStran encompasses eight local authorities.

SEStran's Vision

"A regional transport system that provides all citizens of South East Scotland with a genuine choice of transport which fulfils their needs and provides travel opportunities for work and leisure on a sustainable basis."

(Insert Transport Image)

Our Objectives

SEStran participates in a diverse range of transport projects and events on a local, national, and international scale. All our work is focused on delivering against our core strategic objective areas:

1. Economy – to ensure transport facilitates economic growth, regional prosperity and vitality in a sustainable manner
2. Accessibility – to improve accessibility for those with limited transport choice (including those with mobility difficulties) or no access to a car, particularly those living in rural areas
3. Environment – to ensure that development is achieved in an environmentally sustainable manner
4. Safety and Health – to promote a healthier and more active SEStran area population
5. Corporate – to continually improve performance to achieve greater efficiency and effectiveness in SEStran service delivery.

We have highlighted the relationship between our work and our strategic objectives with an icon, a number in a circle relating to each of our objectives and the key priorities represented by each of the following icons:

SEStran Team

SEStran has a staff of 9, and 1 Cycling Scotland embedded officer, as of March 2022:

- Partnership Director, Jim Grieve
- Senior Partnership Manager, Anna Herriman
- Programmes Manager, Keith Fiskien

- Strategy and Projects Officer, Jim Stewart
- Project Officer, Julie Vinders
- Active Travel Officer, Peter Jackson
- Business Manager, Angela Chambers
- Business Support Officer, Cheryl Fergie
- Business Support Assistant, Nikki Boath
- Cycling Scotland Officer, Beth Harley-Jepson

Local Authority Partners

City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian.

(Insert Map of Scotland with SEStran Region.)

Headquarters

SEStran's operational and administrative premises are based in Edinburgh at Victoria Quay.

Governance

Decision Making Structure

SEStran's main policy and budgetary decisions are taken by the Partnership Board, which consists of 20 Councillor and nine Non-Councillor members. Operational decisions are taken by the Partnership Director and other officers in accordance with the List of Officer Powers which forms part of SEStran's [Governance Scheme](#). The Scheme is reviewed regularly and was last updated in March 2021.

The Partnership Board delegates some decisions to Committees in accordance with the Governance Scheme. The Performance and Audit Committee remit covers scrutiny of performance, staffing, standards and audit. It comprises a Councillor member from each constituent authority, and two non-Councillor members. It is currently chaired by Councillor Russell Imrie.

The Succession Planning Committee remit covers matters related to succession planning and Board appointments. Its membership consists of the Partnership Chair, two Board members, the Partnership Director, the Partnership Secretary and a Human Resources adviser.

Partnership Board

The board consists of 20 elected members from the partnership local authorities and nine appointed non-councillor members. The Partnership Board meet quarterly, and as of the 31st of March 2022 include the following members.

Partnership Board – Insert Names and Images as of March 2022

Non-Councillor Members – Insert names

Equalities Duty

SEStran is a listed public body under the Equality Act 2010 and the Equality Act 2012 (Scotland) Specific Duties Regulations, and as such have a duty to publish a biennial Equalities Mainstreaming Report and a set of Equality Outcomes to enable the organisation to better perform the equality duty.

SEStran published a new set of [Equality Outcomes](#) 2021-2025¹ in April 2021 and will publish a biennial progress report in April 2023.

The draft outcomes went out to consultation in February 2021. Analysis of the data indicated broad support and agreement for all the outcomes. Key comments included that SEStran statutory meetings should remain being hosted remotely, to remove barriers facing disabled people travelling to physical meetings.

The final report and new Equalities Outcomes were approved by the Board in March 2021.

Cyber Security

In order to comply with the Scottish Government's Public Sector Cyber Security Action Plan, SEStran carried out a robust review of its IT provision. Under the scheme, an independent cyber security consultant was appointed in 2018 and audited the partnership's IT environment. The outcome of this audit was SEStran being awarded Cyber Essentials Plus accreditation. SEStran were re-audited in 2019 and retained the award. This accreditation will be kept under review to ensure compliance is maintained before the next planned audit in 2022.

What we do

SEStran Regional Transport Strategy

SEStran's core statutory function is to maintain a Regional Transport Strategy (RTS). In June 2019, the Partnership Board agreed an outline approach to develop a new RTS, in recognition of emerging changes to national policy, strategy and legislation affecting transport, climate and regional planning. The new RTS will provide a framework for transport solutions in the region that meet new challenges. The RTS will be closely aligned to the priorities of Scotland's Second National Transport Strategy (NTS2) which was published in February 2020. As part of NTS2, a Roles and Responsibilities Working Group, including two Regional Transport Partnership representatives, has been set up to review transport governance arrangements.

Developing a new Regional Transport Strategy - SEStran 2035

Stantec UK Ltd were appointed in January 2021 to start work on the development of the RTS, following a competitive tendering process. The work undertaken by Jacobs to produce a Main Issues Report concluded in May 2020, which formed the basis of the ongoing work to produce the new RTS.

The development of the new RTS follows Scottish Transport Appraisal Guidance (STAG) stages. During 2021-22 a major public consultation took place with over 1000 responses being received from the public and stakeholders. The Case for Change was published in June 2021 and the option

development, appraisal and the drafting of the RTS took place with the initial draft RTS being approved for statutory consultation by the Partnership Board in October 2021. The statutory consultation took place from 5 November 2021 until 11 February 2022 and was supported by the Strategic Environmental and Equalities Impact Assessments and other supporting assessments. The Partnership Board highlighted some comments, including reinforcement of the transport issues in rural areas and a new report was prepared to present to the Board. However, Scottish Borders Council did not consider that the changes went far enough to reflect the concerns they have on rural transport issues. Therefore, the Partnership Board decided to delay consideration of the report until September 2022, to allow time for further discussions.

Following approval by the Partnership Board the draft RTS will be submitted to the Scottish Ministers.

(Insert Partnership working Image)

The Regional Transport Strategy – regional monitoring

SEStran's current Regional Transport Strategy (RTS), which was refreshed in August 2015, currently runs until 2025. The RTS vision, objectives and policy framework were established when the RTS was first written, in 2007. In recent years, SEStran has identified a need to review the monitoring framework for the RTS.

The review of monitoring data during the development of the Main Issues Report revealed that there are some issues in the current RTS which have not improved, whilst highlighting several new and emerging challenges which need to be addressed at a regional level:

- Traffic growth has continued year on year since 2010, (11% increase to 2018)
- Carbon emissions from transport have been rising since 2013, reaching 98% of 2005 levels by 2019.
- Bus patronage is declining across the region (apart from a few areas),
- A lack of appropriate, affordable transport and road network congestion means that the accessibility of a full range of opportunities for education, employment, healthcare, and other needs impacts on some of the region's population.

Transport and travel demand patterns have been severely impacted by the Covid-19 pandemic and therefore the ability to make meaningful regional monitoring comparisons has been compromised. [Scottish Transport Statistics 2021 | Transport Scotland](#) shows the scale of reduced travel in 2020. Public transport journeys fell by 70% and car travel by only 20% in comparison. However, this data is already outdated as transport use continues to change following the removal of pandemic restrictions. Car travel is close to pre pandemic levels even with substantial home working. Rail and bus patronage has improved but remains considerably lower than before, which is why some challenges in sections of the RTS are more acute now.

(Insert Kelpies Image)

Formal Partnership Meetings and Forums *insert icons*

The **Partnership Board** meets quarterly and did so, with four meetings during the reporting period. At its meetings, in addition to dealing with standard business, the Board considers relevant topics, with an in-depth presentation and discussion. Topics in this period included the new Regional Transport Strategy, rail schedules and improvement updates from ScotRail and the national rollout of the Thistle Assistance programme. These topics generated considerable insight which was shared in SEStran forum groups.

SEStran's quarterly **Performance and Audit Committee** and **Chief Officers' Liaison Group** meetings are held prior to each Partnership Board meeting and help shape the business of the Board.

The **Succession Planning Committee** meets biennially. The last meeting took place in November 2021, where the Committee approved a revised version of the Board Diversity Succession Plan.

SEStran hosts three forums which are all held twice a year. The aim of these forums is to facilitate policy and technical discussions within a South East of Scotland context and provide a platform for greater stakeholder engagement across the region.

Integrated Mobility Forum: aims to develop a better understanding of the opportunities to improve implementation and understanding of integrated mobility in the region. The primary focus is to facilitate discussions between stakeholders to make progress in reducing the number of single occupancy car journeys, maximise the use of public transport and maximise active travel opportunities.

Logistics and Freight Forum: aims to support economic growth and resilience across the region by developing, promoting and implementing sustainable business and distribution solutions. The forum supports constructive partnership between local authorities, government agencies, business and representative groups. The forum aims to provide a unified, regional voice in working with organisations such as Transport Scotland, Network Rail and ports authorities.

Equalities and Access to Healthcare Forum: aims to deliver our Equality Outcomes and legislative requirement to consult Health Boards and those who represent those with or who share a protected characteristic. The forum covers how equality issues should be considered and "built in" to future transport strategy development.

More information on SEStran's decision-making structures is provided at Governance, below.

(Include link /page number)

(source and insert image)

Public Transport Support

The need to support public transport in the region following the lockdowns and travel restrictions of the previous year has been a shared priority at all levels of transport. In addition to maintaining regular contact with rail and bus operators on regional matters including rail timetable changes and

access issues for passengers, SEStran has actively supported new initiatives to improve the reliability and enhance the viability of public transport services

Throughout 2021-22, SEStran extended its involvement in regional Bus Alliances groupings and supported the development of bids to Transport Scotland's **Bus Partnership Fund**, designed to deliver congestion-beating bus priority and journey time reliability. Bids from the previous year were awarded. Funds and awards for a further two new Alliances' bids from Midlothian and West Lothian Councils, also, brought the total BPF awarded in the region to up to £6.57M. SEStran's role in developing and sharing model terms of reference and governance arrangements for emerging Bus Alliances, has helped to ensure they are in a strong position to develop more formal Bus Service Improvement Partnerships (BSIPs), and key to this has been the positive engagement with bus operators as well as public sector partners.

This work of the **South East Scotland Transport Transition Group**, established on a temporary and voluntary basis in 2020 was concluded. Its purpose, to jointly plan and manage transport related measures linked to Covid-19 travel restriction was superseded by partners taking forward longer-term activity through mainstream or more long-term structures.

SEStran's work on RTPI enjoyed considerable success with the successful introduction of the new content management system delivered in partnership with City of Edinburgh Council. The arrangement, which strengthens the quality of bus arrival data across the region, is secure for five years, and has considerable potential to grow. The complementary nature of the workstreams outlined here in more detail deliver cumulative impact in the region, supporting both public transport provision, and passengers of public transport.

Thistle Assistance Programme

Thistle Assistance Programme is at the forefront of providing 'good assistance' to people with disabilities, by recognising and supporting their needs and ensuring transport operators and their staff understand these needs. SEStran leads and manages Thistle Assistance on behalf of Scotland's seven RTPs and welcomes the acknowledgement of Thistle Assistance in Transport Scotland's 'Going Further: Scotland's Accessible Travel Framework'¹.

In 2021-22 SEStran worked closely with transport providers, members of our communities with mobility challenges and disabilities and SEStran Equalities and Access to Healthcare Forum members, to better understand the problems and concerns faced by many when using public transport. This has helped shape the way Thistle Assistance Programme has developed and expanded further.

SEStran continues working with ScotRail, Lothian Buses/Trams, Stagecoach, First East Buses Transport Scotland, Traveline Scotland, Confederation of Passenger Transport, Bus Users Scotland, and others to explore how the new Thistle Assistance approach can be integrated into their existing processes to improve awareness of the issues faced by customers, how to spot them and how to engage and help. SEStran continues work collaboratively to support the promotion of Thistle Assistance throughout

¹ <https://www.transport.gov.scot/publication/going-further-scotland-s-accessible-travel-framework/>

Scotland by increasing awareness of the programme and providing training tools for transport providers.

The programme has worked with operators to develop an information poster and leaflet that can be used to create awareness amongst their staff and help with staff training.

Thistle Assistance VoyagAR - Journey Planning and Wayfinding

SEStran through the development and implementation of two key projects, Real Time Passenger Information, and the Thistle Assistance Programme has identified a need to improve the door-to-door journey for people with mobility challenges allowing them to access the public transport network more easily and with confidence – combining journey planning, wayfinding, and disability awareness into one easy to use and versatile platform.

The VoyagAR platform would deliver in two key areas which respond to passengers needs as identified by the Campaign for Better Transport²:

- improving availability of information.
- making connections between different steps in the journey, and different modes of transport, easier.

People rely on public transport to access jobs, services, facilities, family, and friends. While many of the barriers identified by disabled people and non-disabled people in undertaking journeys are the same, the impact can be different³.

In May 2021 after a successful competition Sentireal was appointed by SEStran to take the project forward from Phase 1 to Phase 2 with £150,000 of funding from Scottish Enterprises Can Do Innovation fund.

The overall system architecture for VoyagAR has been defined, consisting of three cooperating software applications:

- A mobile application that the Traveller uses to plan journeys, perform journey wayfinding, and message an authorised Carer or emergency contact.
- A web application, which executes on all modern web browsers, that an authorised Carer uses to message the Traveller and track their journeys. The Carer can also use the web application to plan journeys on the Traveller's behalf, if necessary
- A web service, hosted in the cloud, that provides the mobile and web applications with various cloud-based services, including geographical mapping and directions, public transport scheduling and user account management.

Work will continue next year with the testing and launching of a prototype scheduled for late Summer 2022.

² Transport Research Laboratory (2011) – Door to Door Journeys www.bettertransport.org.uk/files/door-to-door-journeys-full-report.pdf

³

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/706248/accessibility-action-plan.pdf

<https://www.thistleassistance.com/>

(Insert image and logo)

Real Time Passenger Information (RTPI) *insert icons*

SEStran began implementing a region wide network of RTPI screens, providing bus timetable information to make bus travel more predictable and reliable. Since 2010, SEStran has worked with partners to build up a comprehensive network of over 200 screens in travel hubs such as railway stations, park and choose / ride sites, hospitals, colleges, universities, shopping centres and large employer hubs. More recently SEStran has worked with the City of Edinburgh Council and Journeo to develop and launch a new, common regional RTPI system that will improve the information provided in the public facing regional screen network incorporating multiple transport operator (bus, rail & tram) data and scheduled information.

The new system went live in December 2021 with operator data being integrated over the following months.

SEStran received funding from Transport Scotland to update the existing RTPI screen system with new PCs so that the new system will operate and integrate with other systems more efficiently. The roll out of these new PCs with the new software started in February 2022 and will continue in 2022.

SEStran is also working with partner local authorities to place new on street signage across the region, again working with the contractor Journeo.

(Insert RTPI Images)

Tripshare *insert icons*

During 2021-22, car sharing continued to be affected by the Covid-19 pandemic and increased levels of home working. Car sharing has a role to play with other shared mobility modes in reducing car-based travel. SEStran embarked upon conversations with other RTPs on what a longer-term approach to promotion of car and lift sharing might look like subject to public health guidelines and this work is ongoing.

(Insert Tripshare logo and car share image)

GO SEStran project:

Mobility as a Service (MaaS) seeks to unify all modes of transport in a digital environment, meaning that people wanting to make a journey can plan, book and pay for it using a single app. In the previous

year SEStran had issued a Call for Partners to see if a MaaS project could be trialled in the SEStran region.

In February 2021, SEStran, with its partners, submitted a bid to Round 2 of the MaaS Investment Fund. In June Transport Scotland confirmed that the bid had been third placed, and although the remaining funding did not cover all of the proposed project, there was an opportunity to co-create a smaller, more focused project with the money available.

After a resubmission in September 2021, Transport Scotland confirmed that they were in principle prepared to commit some £212,440 (slightly more than the original figure available) to the revised project, which proposes to trial MaaS around East Lothian's physical Journey Hubs, starting with the Brunton Hall Hub in Musselburgh.

Key features of the project include trialling tech-enabled Demand Responsive Transport (DRT) as an integral part of the overall MaaS pilot, and the integration of the physical hubs East Lothian Council are developing with the 'virtual hub' created by the launch of the GoSEStran app.

As at March 2022 discussions were ongoing with Transport Scotland and the consortium partners on the necessary legal agreements to regulate relationships between the parties.

SEStran Strategic Network – Cross Boundary Active Travel Routes, connecting people and places.

In 2021-22 funding from The Regional Cycle Network Grant Scheme, in partnership with Sustrans Scotland, combined with Transport Scotland funding to bring together a number of projects. This facilitated a larger package of work being carried out on the development of the SEStran Strategic Network.

Following continued engagement with local authority partners through the course of 2020, a series of routes were determined to progress to feasibility and options. These routes included Addiewell-Livingston, a route connecting communities along the A71; Larbert-Falkirk, a route connecting to a major NHS site; Falkirk-Polmont, a route connecting areas rated low by SIMD; Tweedbank-Melrose, extending an existing active travel route. Making use of online engagement tools, these routes were shared with stakeholders and presented for the views of the public.

These projects will progress to additional stages of engagement within local partner authorities with further investigations taking place prior to any additional design work or funding applications to construction funding streams.

To complement the design work and initial engagements with stakeholders and the public a behaviour change toolkit was created to provide a practical guide for local authorities, community groups and third sector organisations within the SEStran region working to encourage a positive shift in travel behaviour with individual groups, and throughout communities. As the SEStran Strategic Network is delivered and new active and sustainable travel infrastructure is implemented, this toolkit will provide additional support and guidance to overcome potential barriers and encouraging communities and specific user groups to try new and existing infrastructure, and to continue utilising

these networks across the region. The toolkit is designed to assist the key audience in reviewing best practice and supporting the development of initiatives, in line with key project stages required for the application for additional funding.

Active Travel Projects 2021/22

As part of another successful bid to Transport Scotland funding, a series of other active travel projects were completed in the year. Support was provided to Cargo Bike Movement with the set-up of a community-based hub offering a range of services to communities. In addition to the loan of cargo bikes used for the transport of surplus items from supermarkets to a number of food banks, Cargo Bike movement provided training sessions to members of the public on demonstrating the uses and range of different cargo bikes on the current market.

The longitudinal research project started in 2020 drew to a close with final panels due to completing in April 2022. The initial findings showed that Covid-19 had a large impact on travel though largely patterns are returning to 2019 trends. The only long-lived impact was the proportion of the population now able to continue to work from home. While active travel had been seen to increase during the height of the pandemic, it was no longer viewed as the most convenient mode of transport, this convenience being the largest determinant of choice for any journey. A further report will be made to publish the complete findings and their application into future projects.

Transport Scotland funding provided an opportunity to run a targeted marketing campaign using the previously developed “Do The Ride Thing” theme. Using the tagline of “Be more shareful” the campaign focussed on the responsible use of shared facilities as many areas in the region saw high volumes of users with the ongoing restrictions of movement and social activities. The outcome of the campaign is detailed alongside GO e-Bike.



GO e-Bike

GO e-Bike is a regional e-bike share programme with a growing number of locations across the South East of Scotland. Launched in April 2017 with the aim of increasing usage and awareness of power-assisted cycling across the region and beyond, the programme supports community outreach charities, sustainability organisations, tourism and hospitality outlets, healthcare practitioners, and academic institutions. The programme also incorporates a public hire scheme at four sites in East Lothian and Midlothian.

During March 2021 final construction of the public hire scheme was completed at four stations, Eskbank, Jarnac Court, Musselburgh Train Station, and The Brunton Theatre. The system was launched in April 2021. East Lothian secured funding for two new non-charging stations in Musselburgh, which are due to be operational in early summer 2022 and further expansion of the scheme

The 'Do The Ride Thing' behaviour change media campaign, focussed on the sharing of our outdoor spaces with all users, continued throughout 2021. Using a mixed media approach of radio and podcast adverts, social media, online adverts, and public hoardings allowed for targeted contact across the region. The campaign ended with near 11 million impressions and a reach of just under 2 million. This resulted in the project returning click through rates at twice the industry benchmark.

(Insert GO e-Bike logo/ERDF/TS Logos)

Working in Partnership with Cycling Scotland

SEStran's Regional Cycle Training and Development Officer (RCTDO) continued to support Bikeability Scotland Local Authority Co-ordinators. Delivery rates of Bikeability Scotland to June 2021 demonstrated an increase from the previous year, with most areas returning to close to or in-line with rates prior to the Covid-19 pandemic. Some restrictions remained in place and these varied by area, limiting the capacity to deliver the programme in some Local Authorities. Training opportunities for adults were supported over the year. Cargo Bike Training was expanded through providing the opportunity for Cycling Scotland tutors to take part in the training and offer it out in more areas.

Capacity to deliver adult cycle training and Bikeability Scotland is being supported nationally with the provision of grant funding direct to delivery organisations and instructors.

(Insert Cycling Scotland logo)

Regional Rail Liaison Meeting *insert icons*

SEStran along with Transport Scotland, Network Rail, ScotRail and Cross Border Train Operating Companies (TOCs) continued to engage via the quarterly South East Scotland Regional Rail liaison meeting. The meetings centred on the key rail issues (timetabling, infrastructure development, accessibility and integration with other transport modes) within the SEStran region and are an opportunity to share information with key stakeholders to better understand problems, identify challenges and opportunities, and improve the delivery of rail services across the South East of Scotland.

East Coast Mainline Authorities (ECMA) *insert icons*

The Consortium of East Coast Main Line Authorities (ECMA) works to secure investment, improve the passenger experience, improve capacity and reliability, and shorten journey times on the East Coast Main Line.

ECMA is a cross-party group of Councils, Combined Authorities and Scottish Regional Transport Partnerships throughout the area served by the East Coast Main Line. Each has a responsibility for

enabling economic growth in their own sections of the line – the backbone of the UK economy. The Consortium allows members to speak with a single voice.

The East Coast Main Line is one of the UK's most strategic rail routes. Stretching more than 500 miles, from Inverness and Aberdeen, through key stops at Edinburgh, Newcastle, and York to London. A third of the UK population lives within 20 minutes of an East Coast Main Line station and together they deliver 41% of the UK's GDP.

Both SEStran's Chair and Partnership Director continue to represent the Regional Transport Partnerships (Tactran, Nestrans and Hitrans) with an interest in the east coast mainline as ECMA Vice Chair and Officer Group representative, respectively. Over the year, based on data from studies funded by the Consortium, the organisation has made a number of approaches to both governments to encourage increased investment in the line.

(Insert ECMA logo and rail image)

The GO SEStran Forth Freight Strategy

As part of the Programme for Government Transport Scotland launched the Local Rail Development Fund (LRDF), with £2,000,000 made available to fund projects that will enhance Scotland's rail connectivity. The LRDF aligns with Scottish Government's Rail Enhancement and Capital Investment Strategy.

The GO SEStran Forth Freight Strategy has been funded by Transport Scotland through the Local Rail Development Fund. The SEStran region is of significant economic value to the Scottish economy and is a major generator of freight movements.

This study looks to investigate existing freight movements, the barriers faced by multimodal freight terminals when trying to target and encourage customers to make the switch and evaluate the potential environmental benefits and commercial viability of sustainable freight/goods movements. It also acknowledges the key role that road freight plays and how it supports other modes such as rail freight. Therefore, interventions to support a more efficient road freight sector will also be explored.

This study has been delivered on behalf of SEStran and Forth Ports by consultants AECOM Ltd.

Using Scottish Transport Appraisal Guidance (STAG) principles, the aim of the study is to explore the development of sustainable multimodal freight gateways and potential for freight consolidation centres at key locations to maximise the sustainable movement of freight over regional, national and local movements.

The completed Case for Change was approved by Transport Scotland in December 2021 and work began on the Options Appraisal and sifting in February 2022, this work will continue over the next 6 months.

The Preliminary Appraisal will examine Individual Options and Packaged Options associated with helping promote more sustainable, efficient, and reliable freight movements for the SEStran area,

whilst helping promote the region as a competitive international freight hub. In-line with Transport Scotland's Guidance on Transport Appraisal (STAG) as well as being informed by best practice, each identified intervention will be robustly appraised against the identified Transport Planning Objectives (in the Case for Change), its perceived Strategic Fit, the latest STAG criteria as well as against Feasibility, Affordability and Public Acceptability.

In addition to the detailed evidence base as set out within the Case for Change informing the appraisal process are the outcomes of a significant and wide-ranging engagement process that has been undertaken with a variety of stakeholders and decision-makers across the SEStran region. The outcomes from this comprehensive stakeholder engagement have been invaluable in not only informing the appraisal of the overall deliverability of possible interventions but also in helping with the selection of interventions for the next stage of the appraisal process, which is Detailed Appraisal.

Newburgh Transport Appraisal

The Newburgh Train Station Group (NTSG), South East Scotland Transport Partnership (SEStran) and Fife Council, with the support of SYSTRA Ltd, are working together to develop proposals to improve sustainable transport to and from Newburgh.

The project builds on work already undertaken by the NTSG and focusses on improving links to and from Perth, Edinburgh and Fife. It follows the Scottish Transport Appraisal Guidance (STAG).

The first stage in the process was to prepare an evidence-based 'Pre-Appraisal' (Case for Change). This collated relevant socio-demographic and transport information for the study area, developed specific Transport Planning Objectives (TPOs) for the wider study, and collated an initial list of potential interventions that might address the identified problems and opportunities.

The next stage of the STAG process the 'Initial Appraisal', which was completed in December 2020. This evaluated the potential interventions in more detail by qualitatively assessing them against the five STAG criteria of Environments, Economy, Safety, Integration and Accessibility/Social Inclusion. The appraisal also considers the options in the context of Feasibility, Affordability, and Public Acceptability.

The outcomes and conclusions of the third and final stage of the study, the 'Detailed Options Appraisal', are currently under consideration by Transport Scotland. The Detailed Appraisal Report assessed the interventions in greater detail against the STAG criteria of Environment, Economy, Safety, Integration and Accessibility/Social Inclusion and also considered the options in the context of Cost to Government and Risk and Uncertainty. The Detailed Options Appraisal Report and Executive Summary can be viewed on the project website below.

<https://newburghsustainabletransport.co.uk/>

Levenmouth Rail Link

SEStran has supported the Levenmouth Reconnected project, which guides the development of the new Levenmouth rail link and associated bus and active travel transport linkages. The Levenmouth rail extension, involving a new stop and station at Cameron Bridge as well as the new station at Leven, is due to be operational in 2023. SEStran's involvement in the project has been consistent since the initial Sustainable Transport Study was undertaken by Transport Scotland on the re-opening of the Levenmouth rail link.

During 2020-21, SEStran commissioned work, in partnership with Fife Council, to identify funding for a feasibility study for Mobility Hubs within the Levenmouth Reconnected project, following on from the publication of SEStran's Mobility Hubs Strategic Study published in Spring 2020.

Parts of the Levenmouth area are currently ranked amongst the most deprived in Scotland (Scottish Index of Multiple Deprivation - SIMD 2020). Easier and more sustainable travel options will make it easier for people to reach hospitals, schools and visit other areas of the country as well as giving better access to Levenmouth and SEStran's involvement over the past year has focussed on ensuring that connections between different transport modes are maximised.

<https://www.transport.gov.scot/news/levenmouth-on-track-for-rail-investment/>

International Projects

Throughout 2021/22, SEStran continued to participate in EU funded projects, progressing and testing innovative solutions for Mobility as a Service, shared mobility, last mile / urban freight, smart and secure freight consolidation, as well as reviewing the effectiveness of regional transport policies implemented during Covid-19 travel restrictions. Working closely with European partners and contributing gained knowledge and ideas is of immeasurable benefit to the delivery of SEStran's RTS and the transport system in the region. SEStran's involvement in EU funded activity is agreed until project conclusion (mostly in 2023) and funding is underwritten by UK Treasury.

PriMaaS – Prioritising Mobility-as-a-Service (an Interreg Europe project)

The PriMaaS project focuses on 'prioritising low carbon mobility services to improve accessibility of citizens'. SEStran is representing the region in a consortium of ten European transport partners to promote Mobility-as-a-Service (MaaS) through policy development.

SEStran's role is to facilitate Regional Stakeholder Meetings to assess current levels of transport integration and identify barriers to the widespread adoption of MaaS. SEStran worked closely with MaaS Scotland to bring together stakeholders to provide regional representation. This has helped establish a baseline of MaaS levels in the region, and exchange best practices with project partners. This work will inform the development of an Action Plan to promote MaaS in the SEStran region and support the development of the new Regional Transport Strategy.

More information can be found on: <https://www.interregeurope.eu/primaas/>

CONNECT – Connecting North Sea Region’s TEN-T nodes and supporting intermodal freight movement in the North Sea Region through smart efficiency enhancements *insert icons*

The overall project objective is to support ‘smart intermodality’ growth in the North Sea Region, through efficiency enhancements in and around port areas. The project focuses on implementing new ‘smart’ technology processes, working tools, and developing strategies for using smart efficiency enhancements in freight movement. SEStran is leading on a work package based around marketing and communications.

More information can be found on: <https://northsearegion.eu/north-sea-connect/about/>

SHARE-North – Shared Mobility Solutions for a Liveable and Low-Carbon North Sea Region *insert icons*

The SHARE-North project promotes shared mobility as a form of sustainable transport and a viable alternative to private car ownership. SEStran has continued to support shared mobility through Tripshare SEStran and GO e-Bike.

SEStran has also actively promoted Mobility Hubs, a concept that originated in the City of Bremen, the lead partner in SHARE-North. Mobility Hubs are centrally located points where shared modes of transport such as car clubs or (e-)bike-sharing are integrated with public transport. Mobility Hubs provide information on transport and the local area, and often provide seating and additional placemaking elements, making them supportive of everyone and everyday journeys. Mobility Hubs can easily be identified by their branding.

As part of the SHARE-North project, Mobility Hubs have expanded to Norway, Belgium and the Netherlands, and SEStran has been working with Local Authorities to promote and develop the concept in the South East of Scotland, and to identify locations where Mobility Hubs could add value to everyday travel. The SEStran Strategic Mobility Hub study applies the learning from SHARE-North to the SEStran region.

During 2021-22, work focussed on supporting East Lothian Council through the preparatory stages and branding for Scotland’s first Mobility Hub, in Musselburgh. This work builds upon the Transport Scotland funded Mobility Hubs Strategic Study published by SEStran in Spring 2020.

More information can be found on: <https://mobihubs.eu/> and <https://share-north.eu/>.

(Insert image and Share North Brand Logo and EU Interreg Logo)

SURFLOGH: Sustainable Urban Logistics Hubs *insert icons*

Edinburgh Napier University and the South East of Scotland Transport Partnership (SEStran) through the SURFLOGH project have been examining the provision of urban sustainable logistics such as sustainable last/first mile solutions, consolidation depots, locker systems and mobile consolidation options served by cycle logistics, drones, automated vehicles and electric vans.

Smaller volume and shorter distance freight movements driven by the macro online/internet shopping trend are an increasingly important component of the logistics mix, an importance that has only been heightened by the Covid-19 pandemic and resultant lockdown. If the main transport mechanism for the 'urban' logistics movements remains HGVs and the 'white van' powered by an internal combustion engine, then as the volume of business grows the negative externalities (congestion & emissions) will also grow.

To build a more sustainable transport system an understanding of when and how businesses and consumers can be encouraged to switch to more sustainable modes of freight transport is extremely important to transport policy development. This not only relates to focusing on the last mile but also presents opportunities to examine the potential to produce modal shift from earlier stages in the supply chain, and thereby utilising the first mile as the only mile.

The next stage of SURFLOGH will look at combining the first phase outputs based on the project pilots and research, building on ideas of consolidation centres, locker systems, delivery vehicles and locally/community focused networks and linking up local businesses with a wider community focused clientele, and local government with the ability to offer a range of local produce combined with 'out of area goods' consolidated and delivered in one package.

The development site at Perth West⁴ will be used as a location for this work. Stage one of Perth West includes a city consolidation/last mile delivery centre and a mobility hub. These will be connected physically and digitally to an active travel programme leading to a series of established communities land the city centre. An extension of the Broxden Business Park and a new housing neighbourhood also form part of stage one.

The aim is to connect all these uses to a smart renewable energy network. This will be Scotland's first green, city 'living lab'.

More information can be found on: <https://northsearegion.eu/surflogh/about/>

[INSERT SURFLOGH LOGO/IMAGE/INTERREG LOGO]

BLING: Blockchain in Government

In 2018 SEStran entered the EU Interreg North Sea Region project BLockchain IN Government (BLING). BLING builds upon the substantial investments by the EU, national governments, corporations, SMEs, and wider networks to provide one of the first dedicated platforms to bring

⁴ <https://www.perthwest.com/>

blockchain into local and regional services. BLING provides a unique combination of public authorities, knowledge institutions and SMEs who will work to accelerate the adoption and deployment of blockchain across the NSR in order to enable the creation and delivery of the next generation of smart services for citizens, governments, and SMEs.

The South East of Scotland Transport Partnership collaborated with the Centre for Design Informatics at the University of Edinburgh, exploring opportunities around Blockchain technology developing practical transport focused applications for the technology with the development of a pilot project in the South East of Scotland. The pilot project, GeoPact, uses prototyping ways to create Location Based Smart Contracts - agreements about the location and relations of smart objects in space that allow conditions such as proximity or co-location to trigger actions like financial transfers or opening physical locks. These systems are backed with blockchains, to explore new techniques for make location data secure without being invasive. The pilot ran a series of tests looking at the possible use of technology in the logistics sector.

In the next phase of the project SEStran will build on the conclusions of the GeoPact project, identifying and evaluating opportunities and challenges to the wider implementation of blockchain technology, smart contracts, and distributed ledger technology, in local government within the Scottish policy landscape, with a particular focus on the impact on transport. This work will be complete by December 2022.

More information can be found on: <https://northsearegion.eu/bling/>

[INSERT BLING LOGO/IMAGE/INTERREG LOGO]

REGIO-Mob (Extension): (an Interreg Europe project)

REGIO-Mob is an Interreg Europe project that ran from April 2016 to March 2020. In September 2021, it was approved funding for additional activities (under Interreg Europe's 5th call for additional activities) in response to the COVID-19 pandemic. The REGIO-Mob extension seeks to exchange best practices around sustainable mobility measures that were adopted across the partners' regions in response to the COVID-19 pandemic.

During 2021 meetings were held online to identify sustainable mobility good practices implemented in response to COVID-19 across all the project partners.

Five good practices in the SEStran region have been identified and were submitted to the lead partner:

- Bus Priority Rapid Deployment Fund
- Spaces for People programme
- DRT proposed trial
- South East of Scotland Transport Transition Group
- Thistle Assistance mask exemption sticker

To facilitate exchange of good practice knowledge three meetings are arranged to allow presentations on these good practices. Partners from Poland and Romania shared their experiences in March 2022 and further exchange events in Slovenia and Edinburgh are planned.

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Appendix: Annual Accounts and Reports

Annual Accounts

SEStran's Annual Accounts can be accessed online here:

[INSERT LINK TO ACCOUNTS]

Climate Change Report

Part four of the Climate Change (Scotland) Act 2009 places duties on public bodies to act in the way best calculated to contribute to the delivery of emissions reduction targets, to help deliver any statutory climate change adaptation programme, and in a way that they consider is most sustainable. The act came into force on 1 January 2011. Following the introduction of an Order by Scottish Government in 2015, all 151 public bodies that appear on the 'Major Player' list must submit an annual report to the Sustainable Scotland Network (SSN), detailing their compliance with the climate change duties.

[INSERT LINK]

Public Services Reform Act

The Public Services Reform (Scotland) Act 2010 (Sections 31 and 32) imposes duties on Scottish public bodies to publish financial information as soon as is reasonably practicable after the end of each financial year. This statement is produced annually by the South East of Scotland Transport Partnership (SEStran) to ensure compliance with the requirements of the Act. It can be accessed online here:

[INSERT LINK]

Community Empowerment Act

SEStran is a listed public authority under the Community Empowerment Act and one of our duties under the Act is to consider requests from the community. Participation Requests can help groups from the local community (a community-controlled body) to liaise with SEStran and other listed authorities on improving issues in an area. We welcome requests from groups that can aid SEStran in delivering its strategic functions in the South East of Scotland. To gain more information on how to place a request, please follow the link:

sestran.gov.uk/corporate/participation-requests/

Public Records Act

SEStran is required under the terms of Section 1 of the Public Records (Scotland) Act 2011 to produce a Records Management Plan, setting out proper arrangements for the management of its records and to submit this to the Keeper of the Records for approval. SEStran submitted its RMP in January 2011 and it is available here:

sestran.gov.uk/wp-content/uploads/2017/06/SEStranRecords-Management-Planv2.0.pdf

[CONTACT INFORMATION (BACK PAGE WITH COVER GRAPHICS)]

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