

Unaudited Annual Accounts 2024/25 and Treasury Management report 2024/25

1.	Introduction
1.1	This report presents:
1.1.1	the unaudited Annual Accounts for the year ended 31st March 2025
1.1.2	the annual Treasury Management report for 2024/25.
2.	Unaudited Annual Accounts 2024/25
2.1	The unaudited Annual Accounts are submitted to the Partnership in accordance with the Local Authority Accounts (Scotland) Regulations 2014. The accounts are subject to audit and the audited Annual Accounts, incorporating the Auditor's report, will be presented to the Performance and Audit Committee and Partnership Board in due course.
2.2	The unaudited Annual Accounts are appended at Appendix 1.
2.3	The Treasurer's opinion on the effectiveness of the Partnership's system of internal financial control is provided within the Annual Governance Statement on pages 13 to 15. The Treasurer's opinion is informed by the work of Internal Audit and managers in the Partnership.
2.4	The Management Commentary is on pages 2 to 11 of the Annual Accounts. This highlights key aspect of financial performance during the year. The unaudited underspend is £350,000. This comprises of underspends of £86,000 on the Core revenue budget and of £264,000 on the Projects budget. The Core budget underspend is stated after absorbing the reduction of £39,000 in Scottish Government grant funding received in 2024/25. Under the Partnership's Reserves Policy, it is planned to carry these balances forward to 2025/26.
3.	Reserves
3.1	In accordance with the provisions of the Transport Scotland (2019) Act, the Partnership has agreed a Reserves Policy and established an unallocated reserve. At 1st April 2024, the Partnership had an unallocated General Fund Reserve of £135,000.
3.2	Subject to confirmation of the audited outturn position, the Partnership will be asked to approve carry forward of £86,000 of the Core budget underspend. This will increase the unallocated reserve to £221,000.

3.3	Slippage of £264,000 on project delivery in 2024/25 will be managed by establishment of an earmarked balance in 2024/25, in accordance with the Partnership's Reserves Policy.																												
4.	Treasury Management report 2024/25																												
4.1	The Partnership has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector. Under the code, an annual report on Treasury Management must be submitted to the Partnership at the end of each financial year.																												
4.2	The Partnership maintains its bank account as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council and is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Partnership. Interest is given on month end net indebtedness between the Council and the Partnership.																												
4.3	For 2024/25, interest was calculated in accordance with the (withdrawn) Local Authority (Scotland) Accounts Advisory Committee's Guidance Note 2 on Interest on Revenue Balances.																												
4.4	Net end of month balances for 2024/25 are shown below.																												
	<table> <tr> <th></th><th>Balance due to SEStran(+ve) /due by SEStran (-ve)</th></tr> <tr> <td>Opening Balance</td><td>202,832</td></tr> <tr> <td>30 April 2024</td><td>679,214</td></tr> <tr> <td>31 May 2023</td><td>548,765</td></tr> <tr> <td>30 June 2024</td><td>662,946</td></tr> <tr> <td>31 July 2024</td><td>833,285</td></tr> <tr> <td>31 August 2024</td><td>794,159</td></tr> <tr> <td>30 September 2024</td><td>711,990</td></tr> <tr> <td>31 October 2024</td><td>1,437,367</td></tr> <tr> <td>30 November 2024</td><td>1,229,406</td></tr> <tr> <td>31 December 2024</td><td>796,046</td></tr> <tr> <td>31 January 2025</td><td>1,818,931</td></tr> <tr> <td>28 February 2025</td><td>1,279,167</td></tr> <tr> <td>31 March 2025</td><td>1,030,395</td></tr> </table>		Balance due to SEStran(+ve) /due by SEStran (-ve)	Opening Balance	202,832	30 April 2024	679,214	31 May 2023	548,765	30 June 2024	662,946	31 July 2024	833,285	31 August 2024	794,159	30 September 2024	711,990	31 October 2024	1,437,367	30 November 2024	1,229,406	31 December 2024	796,046	31 January 2025	1,818,931	28 February 2025	1,279,167	31 March 2025	1,030,395
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4.5	Interest is calculated on the average monthly balance. The interest rate applied was 4.824%, giving an interest payment of £44,197.																												
5	Recommendations																												
	It is recommended that the Partnership notes:																												
5.1	the unaudited Annual Accounts for 2024/25;																												
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Richard Lloyd-Bithell

Treasurer

13th June 2025

Appendix

Unaudited Annual Accounts 2024/25

Contact

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Policy Implications	There are no policy implications arising as a result of this report.
Financial Implications	There are no financial implications arising.
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)**

**Unaudited
Annual Accounts**

2024/2025

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 on 1st December 2005 under the Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005.

The Partnership's main source of funding is an annual revenue grant from Transport Scotland. Under Section 3 of the Transport (Scotland) Act 2005, the net expenses of SEStran, after allowing for the government grant and any other income, are met by its constituent councils. The constituent councils are City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian.

In accordance with Section 122 of the Transport (Scotland) Act 2019, the Partnership has established a General Fund reserve.

3. Corporate Strategy

Regional Transport Partnerships (RTPs) have a statutory remit which includes developing a Regional Transport Strategy (RTS) in partnership with member local authorities and other stakeholders, monitoring and reporting on progress of the strategy's implementation.

The current RTS - SEStran 2035 - was approved by Scottish Ministers in March 2023 and replaces the Regional Transport Strategy 2015 - 2025 Refresh published in July 2015. It addresses the transport problems and issues being experienced in the SEStran region.

The SEStran region covers 8,400km², which is just over 10% of Scotland's landmass. It has 11,672 km of roads and over 870,000 cars. It is hugely diverse and includes areas which fall into every one of the Scottish Government's six-fold urban-rural classification. The total population of the SEStran area was estimated as 1,619,460 in 2022 (National Records of Scotland mid-year population estimate 2024). The majority of the population is concentrated in the centre of the SEStran area with large, sparsely populated rural areas to the north, south, and east particularly the remote rural areas in north and east Fife, Scottish Borders and East Lothian. The greatest concentration of population is within the City of Edinburgh, which accounts for approximately 32% of the total SEStran region population.

The new RTS sits within a policy hierarchy which spans the national, regional and local levels. In particular, the RTS has been developed within the policy framework provided by the National Transport Strategy 2 which was published in February 2020, and set out four strategic priorities, as well as defining a Sustainable Travel Hierarchy. These four priorities and hierarchy have been used to guide the development of this RTS.

The Partnership's Vision Statement is "a South-East of Scotland, fully integrated transport system that will be efficient, connected and safe; create inclusive, prosperous and sustainable places to live, work and visit; be affordable and accessible to all, enabling people to be healthier; and delivering the region's contribution to net zero emissions targets."

The 4 key strategy objectives outlined in the RTS are:

- Transitioning to a sustainable, post-carbon, transport system
- Facilitating healthier travel options
- Transforming public transport connectivity and access across the region
- Supporting safe, sustainable and efficient movement of people and freight across the region.

Work to deliver the RTS takes various forms including:

- Collaborating with local authority partners to ensure that their Local Transport Strategies, Development Plans and related strategies or policies, all align with the RTS
- Leading on the development of strategies to help partners to tackle transport issues which can be more effectively addressed at a regional level
- Influencing senior stakeholders such as Scottish and UK governments, Transport Scotland, local authority partners, community planning partnerships, other RTPs, NHS, transport operators, and transport users' groups
- Building test cases for, and piloting, innovative solutions to transport problems, particularly where this would not be feasible for individual local authorities
- Seeking innovative funding mechanisms to support the delivery of priority projects
- Supporting on-the-ground delivery of regional projects by working with partners, consultants etc to develop detailed project plans and, where relevant, funding delivery of these plans.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

4. Risks and Uncertainties

The principal risks and uncertainties faced by the Partnership have traditionally fallen into two main categories - financial and transport governance. However, the increasing prevalence of cyber attacks means that cyber security has also been identified as a major risk to the organisation.

Financial Risks

Traditionally, the Partnership has had 4 main sources of funding:

- Annual grant funding from Transport Scotland
- Requisition from each of the eight local authority partners
- Funding for specific projects or activities e.g. Active Travel
- Funding from the European Union for collaborative projects with partners in other EU states.

The annual grant from Transport Scotland remained at the same level for over a decade, but it was reduced by 5% for 2024/25 in line with reductions across the Scottish Government. This reduced level of funding has continued into 2025/26. There is a real risk that there will be further reductions to this grant, which is designed to cover the Partnership's core costs, in 2026/27 and beyond.

SEStran is in regular contact with Transport Scotland to ensure that the scope and impact of the Partnership's work is recognised, valued and that the Scottish Government is aware of the additional benefits the Partnership would deliver if funding is increased.

Council requisitions have reduced by 10% over the last decade. Transport Scotland has encouraged RTPs to increase the requisitions and it is planned to seek an increase of 10% for the 2026/27 financial year. With council budgets already under significant pressure, this increase is likely to meet with significant resistance but the Partnership are confident that it can demonstrate a significant multiplier effect on current requisitions i.e. that, for every £1 spent with SEStran, the local authority receives benefits well in excess of £1.

Funding for specific projects has accounted for as much as 50% of the Partnership's overall income in recent years. As it not usually announced until part-way through each financial year, it does not form part of the budget process. Due to Scottish Government financial constraints, there was no such funding in 2024/25 and there is unlikely to be much, if any, in 2025/26.

European Union funding ceased entirely during 2023/24, primarily due to the exit of the UK from the EU. There is a more positive outlook though, as UK organisations are eligible to bid for EU Horizon funding. SEStran will work in partnership with other UK and EU organisations to pursue Horizon funding.

By far the biggest change to RTP's funding, has resulted from Transport Scotland's Active Travel Transformation Programme. This has resulted in RTPs becoming responsible for the disbursement of all government-funded active travel behaviour change projects within their region since April 2024. Now called 'the People and Place Programme', previously, this role was undertaken by the third sector.

In 2025/26, the Partnership will receive an additional £6.3m of grant funding for People and Place. Most will be passed through to local authorities or active travel delivery partners whose projects qualify for funding under the new grant standing orders (SOs) and funding processes which have been approved by the Partnership. These SOs and processes were the subject of the 2024/25 Internal Audit, and are being updated to incorporate further improvements to controls.

For 2025/26, certain tightly defined 'sustainable travel' activities are eligible for this 'active travel' funding. These include Real Time Passenger Information systems and signage, Demand Responsive Transport and Mobility Hubs. In addition, the scheme now incorporates funds which were previously directly awarded to community organisations to sustain them through the transition.

The Partnership is also proactively seeking additional sources of funding - particularly from a number of funds aimed at innovation and digital innovation, and had some success, in collaboration with partners, who received c.£0.189m through the Department for Transport's Rural Transport Accelerator to help support one of the Partnership's priority programmes.

Over the past 2 or 3 years, costs have been subject to the highest level of inflation for a generation. Although the situation is improving, there is a real risk that staff salaries and pensions could increase beyond budgeted levels. The Partnership mitigates this risk by:

- Making prudent planning assumptions
- Monitoring income and expenditure on a monthly basis and adjusting expenditure to mitigate against overspend

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

4. Risks and Uncertainties (*continued*)

Financial Risks

- Holding an appropriate cash reserve to be used in the event that an overspend cannot be prevented by other controls.

The Partnership's long-term financial sustainability was assessed by the City of Edinburgh Council's Internal Audit team in 2023/24. Apart from recommended changes to financial and budgeting processes, the audit report was very positive. A Financial Planning procedure has been developed to address the issues identified during the audit. The plan includes the implementation of measures such as scenario planning and sensitivity exercises as part of the budgeting process.

Transport Governance

Transport governance refers to the respective roles and responsibilities of Transport Scotland, the 7 Regional Transport Partnerships, 32 local authorities and selected other partners.

Over recent years, there has been much discussion. Successive independent reports have proposed that Transport Scotland should devolve much of its workload to other organisations which, due to better understanding of regional or local requirements, may be better placed to prioritise and deliver projects in their region or local authority area.

This is both a risk and an opportunity to the Partnership. The recent transfer of People and Place responsibilities indicates that Transport Scotland supports a regional approach to the governance of at least some transport functions and that it has a high degree of confidence in RTPs. SEStran is aiming to build on this by actively engaging with Transport Scotland about other matters where it believes it can make a significant positive impact.

In addition, Transport Scotland is planning to review transport governance, resources permitting, in the near future. The joint RTPs, COSLA and SCOTS are likely to form part of a working group reporting to the Cabinet Secretary for Transport.

Although the SEStran and Edinburgh and South East Scotland City Region (CRD) regions are not entirely contiguous (Clackmannanshire and Falkirk are not in the CRD region), as a result of the Concordat agreed by SEStran and the CRD team in 2023, the two organisations work very closely together and the CRD has adopted the RTS as the masterplan for transport in the city region.

The CRD is in discussions with both the Scottish and UK Governments about the next steps for its region. The CRD team is keen to be given more responsibility and powers to ensure that transport infrastructure meets the needs of the region in future years. SEStran fed into and agreed the contents of a letter from the CRD to both governments.

Cyber Security

Public sector entities have increasingly become prime targets for cyber-attacks and data breaches, which can compromise sensitive information and disrupt services.

SEStran has contracted an Information Technology (IT) service company to provide support for all aspects of its IT service including cyber security.

This includes provision of technological defences against such attacks, and staff training to ensure that staff are fully informed about attacks using social engineering or common messaging systems such as email or SMS. phishing, vishing etc. SEStran is subject to an annual Cyber Essentials Plus audit and is fully accredited.

The Partnership also receives daily threat updates and weekly vulnerability emails from the Scottish/National Cyber Security Centre, and a monthly in-person visit by an IT Consultant/Engineer as part of the IT service contract.

5. Results for the Year

The net revenue budget of the Partnership in 2024/25 was £0.972m, funded by an anticipated Scottish Government grant of £0.782m and Council Contributions of £0.190m. Following Partnership Board approval of the 2024/25 revenue budget on 15th March 2024, the Scottish Government advised a grant reduction of £39,000. In summary:

- The Partnership had a Core budget underspend of £125,000. £39,000 of this underspend was required to manage the reduction in Scottish Government grant funding received in 2024/25, resulting in a net Core budget underspend of £86,000.
- After inclusion of carry forward of £0.187m from the 2023/24 Projects budget underspend, the Partnership had a Projects budget underspend of £264,000 in 2024/25. A further £0.084m of Projects expenditure is carried forward to 2025/26 to meet future lease commitments for an electronic bicycle scheme.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Results for the Year (*continued*)

A summary of the 2024/25 financial results is shown in the table below.

	Revised Budget £'000	Earmarked Reserves from 23/24 £'000	Total Available Funding £'000	Outturn £'000	Variance from Total Funding £'000
Core Budget	901	0	901	820	(125)
Core Budget - Interest Received	0	0	0	(44)	
Revenue Projects - Expenditure	6,023	241	6,264	5,191	(264)
Revenue Projects - Income	(5,952)	(54)	(6,006)	(5,197)	
Revenue Projects - Electronic Bicycle Lease	0	106	106	22	(84)
Total Expenditure before Government Grant and Council Contributions	972	293	1,265	792	(473)
Government Grant	(782)	0	(782)	(743)	39
Constituent Council Requisitions	(190)	0	(190)	(190)	0
Total Government Grant and Council Contributions 2024/25	(972)	0	(972)	(933)	39

Core budget

The Core budget provides for the day-to-day running costs of the Partnership and includes employee costs, premises costs and supplies and services. The principal favourable variances on the Core budget arose due to:

- £45,000 of software hosting costs (Novus FX) being recharged to the Projects budget
- £41,000 of employee costs being recharged to the Projects budget
- £44,000 of interest received on revenue balances (£44,000), reflecting the additional cash balances that the Partnership benefited from through the People and Place Programme.

£39,000 of the Core budget underspend was required to manage the reduction in Scottish Government grant funding received in 2024/25, resulting in a net Core budget underspend of £86,000.

Projects budget

The Partnership incurred expenditure of £5.191m on revenue projects and received external grants and contributions of £5.197m. After inclusion of carry forward of £0.187m from the 2023/24 Projects budget underspend, the Partnership had a Projects budget underspend of £264,000 in 2024/25.

A further £0.084m of Projects expenditure is carried forward to 2025/26 to meet future lease commitments for an electronic bicycle scheme.

The principal favourable variances on the Projects revenue budget arose on the following projects:

- £122,000 - Bus Strategy Development
- £34,000 - Mobility as a Service
- £26,000 - GO e-Bike
- £25,000 - Sustainable Travel.

In accordance with the provisions of the Transport Scotland (2019) Act, the Partnership has agreed a Reserves Policy and established an unallocated reserve. At 1st April 2024, the Partnership had an unallocated General Fund Reserve of £135,000. Slippage on project delivery from 2024/25 to 2025/26 will be managed by establishment of an earmarked balance, in accordance with the Partnership's Reserves Policy.

Treasury Management

The Partnership has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector. The Partnership maintains its bank account as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council and is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Partnership. Interest is given on month end net indebtedness between the Council and the Partnership. For 2024/25, interest of £44,197 was calculated in accordance with the (withdrawn) Local Authority (Scotland) Accounts Advisory Committee's Guidance Note 2 on Interest on Revenue Balances. The role of Treasury Management in the management of financial risks is referenced in Note 25.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Results for the Year (*continued*)

Non Financial Results

During 2024/25, the Partnership progressed work on a number of exciting projects and on the development of strategies essential to facilitate delivery of the RTS.

People and Place

In 2024/25, Transport Scotland set out their new regional approach to funding active travel behaviour change across Scotland, passing funding to each of Scotland's seven RTPs. The programme supports activity that gives people the knowledge, skills and confidence to choose to walk, wheel and cycle more often.

Following this, the Partnership developed the People and Place Plan and through this distributed £5.3m of funding to 18 delivery partners, including the region's eight local authorities.

Schools and young people

This theme focuses in and around schools, and on projects that deliver holistic solutions to create an environment where active travel choices are not only an option, but the most desirable way for young people and families to travel.

The Partnership funded:

- Two regional projects to work intensively with schools to support young people to choose active travel more often
- The WOW project, allowing 49 schools across the region to encourage more children to walk to school
- Six local authorities to deliver a range of cycle storage improvements in their primary and secondary schools
- Six local authorities to provide access to bikes for young people
- Fife Council to purchase 13 adaptive cycles for young people
- A bike library for children to loan bikes for free in Edinburgh.

Accessibility and inclusion

This theme is for projects that create opportunities for everyone to make the choice to travel actively.

The Partnership funded:

- Seven projects to audit street / areas with high pedestrian, wheeling and cycling potential and remove barriers where needed
- The creation of an active travel hub in East Lothian
- Two organisations to deliver walking and cycling activities for their local communities to encourage participation in active travel
- An access to cycles project across the region to support cycle repairs, bike recycling and purchase of new cycles.

Workplaces

The workplace theme is for projects which are focussed in and around places of work (including further and higher education), that make active travel choices a realistic solution for commuting.

The Partnership funded:

- TravelKnowHow Scotland to support employers in the region enable employees to travel by more sustainable modes
- NHS Fife to improve cycle storage facilities and to set-up an e-bike hire scheme for staff
- Midlothian Council's project to encourage staff to walk more with a series of lunchtime led walks and council wide step count challenges
- East Lothian Council to install additional cycle storage facilities for staff.

Capacity and capability building

This theme is for projects that build the knowledge base and delivery capacity and capability of the sector itself (including SEStran, local authorities, the third sector and beyond).

The Partnership funded:

- A strategy officer to work with Falkirk Council to develop a comprehensive behaviour change strategy for active travel
- A shared learning workshop for all local authorities in our region
- The creation of a public dashboard to share information on funding distribution and project delivery.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Non Financial Results (*continued*)

People and Place (*continued*)

Capacity and capability building (*continued*)

The Partnership also:

- Organised a visit for the Cabinet Secretary for Transport to funded projects in Edinburgh
- Worked with partners to create a future delivery plan for People and Place
- Commissioned an evaluation of the 2024/25 People and Place programme delivery.

Go e-Bike

Go e-Bike enables people to access e-bikes and bike share initiatives through a variety of ways, including e-bike trials, bike share initiatives and bike training and bike maintenance training.

e-bike trials

During 2024/25 e-bike trials took place at East Lothian Council, St John's Hospital and Persimmon Homes in West Lothian, and at Skills Development Scotland in Edinburgh. The trials are supported in partnership with West Lothian Bike Library and gives access to a fleet of e-bikes for staff to use for four weeks.

Bike share

During the year, the Partnership began trialling Brompton bike lockers in two locations. The lockers provide access to Brompton's folding bikes, which can be hired for up to 60 days at a time. The bike lockers are at Sheriffhall park and ride in Edinburgh and Queen Margaret University in East Lothian.

Bike training and maintenance

The Partnership provided cycle ride leader training to staff at the Social Bite Village in Edinburgh to support the use of the e-bike fleet with both staff and residents. The Partnership also delivered bike maintenance and cargo bike training to Porty Community Energy to support volunteers with the e-bikes available to loan.

Go SEStran

Go SEStran was a pilot regional journey planning app. It has been designed to prioritise sustainable travel. This approach is often referred to as Mobility as a Service (MaaS). The Partnership received funding from Paths for All to run a pilot to assess the viability of MaaS in the South-East of Scotland and have been working with Tactran, a neighbouring Regional Transport Partnership, who are developing similar pilots in their region.

The Partnership's focus during 2024/25 was to investigate opportunities for the app to offer more to users, including signposting to more payment methods, integrating more features and targeting specific user groups. Alongside this, the Partnership has been developing VoyagAR, an app focused on providing digital support to users. This includes augmented reality providing visuals during the journey, and chat support for carers, friends and family.

Unfortunately, due to uncertain future funding and low user numbers, a decision to end the pilot was taken at the March 2025 meeting of the Partnership Board.

Electric vehicle charging infrastructure

To help support the move to electric vehicles (EVs), the Partnership has been working with seven of the eight local authorities in the region (East Lothian Council is working independently) and Dumfries and Galloway (the SWestrans region) to develop documentation and explore opportunities to regionally procure public EV charging infrastructure. The aim is to create efficiencies by creating a bigger market for suppliers in the final tender process, and to support a joined-up network for the public.

The beginning of the year saw the Partnership putting into place the formal governance structure needed to run the project, along with the procurement of a consultant to develop documentation and support local authorities. The Partnership worked with Transport Scotland to identify the grant available to each local authority and understand the available budget.

The second half of the year was focused on agreeing a lead local authority (City of Edinburgh) and running regular steering group and working group meetings to determine the best route forward.

Real-time passenger information

Reliable real time passenger information is vital if the Partnership is to encourage people to move towards more sustainable travel methods rather than use their car. The Partnership has worked with local authorities and operators in the region to provide real time, and accurate, information for bus users. The screens can also be used to advertise local campaigns and information.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Non Financial Results (*continued*)

Real-time passenger information (*continued*)

A focus for the year has been the integration of live information from Lothian Buses to the network of screens across the region. The Partnership has worked with Journeo to provide training for local authorities so new staff members can report faults, track the status of screens, add imagery and adverts to screens, and track performance.

The Partnership was pleased to be able to use the screens in advance of Storm Eowyn in January 2025 to inform public that no bus or tram services would be running during the region's red weather warning – thus preventing people from unnecessarily exposing themselves to the storm.

Thistle Assistance

Thistle Assistance is an initiative to help people with disabilities to feel safer and more comfortable when using public transport. The free Thistle Assistance card and app are recognised by many public transport operators across Scotland, and the initiative allows people, in an easy and subtle way, to request the extra support they would like. The Partnership manages and operate Thistle Assistance for the whole of Scotland, and on behalf of the other RTPs.

The focus for Thistle Assistance has been to understand how the Thistle Assistance card and app are currently being used and where improvements may be needed. To do this, the Partnership worked with Disability Equality Scotland and distributed a questionnaire to their members. The Partnership also promoted the questionnaire more widely across our own channels. The results of this work will enable the Partnership to improve Thistle Assistance going forward.

The Partnership has also been focusing on marketing Thistle Assistance, working with a media buying agency to advertise to target audiences across a range of digital channels. This has resulted in an unprecedented level of demand for cards, and the work is currently being evaluated to determine whether the benefits to users justify the costs involved.

Transport to Healthcare (TtH)

Getting to and from an appointment at a hospital, at the local doctor's surgery or other healthcare setting can be difficult for many people. The Partnership is working with healthcare partners across the region to better understand the issues and find ways to tackle them. By connecting key stakeholders, the Partnership hopes to enable positive and educational conversations, leading to more joined-up and strategic thinking on this complex subject.

During the first half of the year, the Partnership's focus was on developing relationships with the Partnership's four health boards (Fife, Lothian, Forth Valley and Borders), NHS Assure and the Scottish Ambulance Service. Following this, the Partnership set up a transport to health project group and began meeting regularly to share best practices and discuss current challenges.

During the second half of the year, the Partnership began working with Public Health Scotland to grow engagement and knowledge of the key relationship between transport and health. The Partnership presented work at the Public Health Scotland conference in November 2024 and held a joint stakeholder event in February 2025. This event brought together transport, planning and public health colleagues from across the region to address shared ambitions to improve health, take climate action and reduce inequalities.

Regional Transport Strategy Delivery Plan

The Regional Transport Strategy Delivery Plan provides a mechanism to assess and prioritise regional projects required over the next ten years to realise the ambitions of the Regional Transport Strategy, supporting the economic and net-zero goals of the Regional Prosperity Framework. The Regional Transport Strategy Delivery Plan supports the delivery of a transport network that:

- Takes climate action
- Addresses inequalities and accessibility
- Improves health and wellbeing
- Supports sustainable and inclusive economic growth
- Improves safety and resilience.

The Regional Transport Strategy Delivery Plan complements Strategic Transport Projects Review 2 (STPR2), highlighting projects within and outside the plan that contribute to the Partnership's vision for transport in South East Scotland.

Over the course of the year, the Partnership has been working closely with colleagues from both the Edinburgh and South East of Scotland City Region Deal and local authorities to develop a matrix of regional projects, agree scoring and weighting that brings parity across our eight authorities. Those priorities are now plotted with Power BI and GIS mapping to demonstrate how rich the region is with opportunities.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Non Financial Results (*continued*)

Regional Bus Strategy

The Partnership wants a world-class bus service for the SEStran region. Pre-covid, almost half of residents in the region used a bus at least once a month. The impact of covid saw this reduce drastically, but data shows that bus patronage is building. 2024/25 saw the beginning of the process to shape a bus strategy for the region.

The Partnership has commissioned consultants to develop a regional bus strategy to:

- Explore the current state of the bus network in the SEStran region and develop a problem statement
- Identify gaps caused by the withdrawal of services or by the development of new housing schemes, destinations, etc
- Consider the potential of the bus provisions of the Roads (Scotland) Act 2019 to improve the situation. These include bus service improvement partnerships, municipally owned bus services, bus franchising, and data sharing
- Propose a set of recommendations to address the problem statement.

At the beginning of the year, the Partnership procured consultants Stantec and Systra and engaged the Partnership's local authorities and bus operators in the bus strategy development process. With ongoing engagement from the local authorities, bus operators, Partnership Board and a group from our Integrated Mobility Forum, the Partnership has worked through a Case for Change and consulted on draft strategy policies and actions.

Freight

As set out in the Regional Transport Strategy, the Partnership will support, where appropriate, the development of new or enhanced rail freight services in the SEStran region. The Partnership is currently exploring an innovative idea to incorporate freight on trams in Edinburgh. The Partnership is also looking at how the SEStran region can support improved road freight services with better driver facilities and using non-traditional fuel for HGVs and LGVs as there is a transition to a post carbon transport system.

During the year, the Partnership worked to achieve funding for two proposals:

- Access to goods proposal in partnership with the University of the West of Scotland
- Edinburgh Tram for Freight proposal - part of the wider Freight and Urban System Integration for Optimised Networks (otherwise known as FUSION), which aims to cut average travel delays by 30%, reduce transport energy consumption, and lower greenhouse gas emissions through simulations and pilot programmes.

Unfortunately, due to a very competitive funding market, the Partnership has not yet been successful in securing funds, but will continue to explore opportunities to improve freight transport in our region.

The Partnership is also working with the Forth Green Freeport partners on enhanced freight links between Rosyth and Alloa.

Rail

The rail network has an important role to play in helping people travel sustainably around the South-East of Scotland. The Partnership's work includes exploring how improvements to the rail network can help people travel in a more sustainable way. This can include more direct through-services between locations, reducing the need for interchange on existing routes, and increased frequencies on particular routes or at key times of the day.

The main focus of the Partnership's rail work during 2024/25 has been supporting the Newburgh community in Fife in the quest to get the railway station in the town reinstated, and working with the community in Winchburgh, through their monthly steering group, on the case for a station in the town following substantial house building and development.

Newburgh

During the year, and in response to comments from Transport Scotland, the Partnership completed work to enhance the existing STAG appraisal, including a stakeholder workshop. This has now been submitted to Transport Scotland for review.

Winchburgh

The Winchburgh work is progressing with both the development of the business case and the design of the new station. The Partnership is a member of the steering group, which meets monthly.

6. Future Developments

The Partnership's Business Plan for 2025/26 builds further on the work undertaken in 2024/25 and introduces new projects and approaches to drive forward delivery of the RTS.

Regional Bus Strategy

Work will continue throughout 2025/26, with an Options Appraisal and public consultation exercise, ahead of the complete strategy being published, subject to Board approval, in September 2025. This will be followed by a route map demonstrating how to organise and realise the strategy's suggested actions.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

6. Future Developments (*continued*)

RTS Delivery Plan

Building on the prior year's success, the Partnership will take a decision about the best way to illustrate RTS priorities; whether that be as a prioritised list a multi-year route map of interventions. In either case, the effort will form the basis for funding conversations with stakeholders including the Scottish Government and Transport Scotland.

The Partnership expects to procure external consulting report to undertake this task.

People and Place Plan

To deliver People and Place in 2025/26 and onwards, the Partnership has developed a Delivery Plan that establishes the regional priorities for change, how funding will be prioritised, and how the Partnership will work with local authorities and delivery partners to provide a holistic approach to support broader transport outcomes. SEStran will continue to work with partners to review progress annually, learn lessons from robust monitoring and evaluation, and make changes as required.

In 2025/26, SEStran's People and Place delivery will build on work in 2024/25, as well as incorporating changes to the programme such as including sustainable transport alongside active travel. The programme will:

- Increase the proportion of active and sustainable journeys in the region
- Increase awareness of the benefits of active and sustainable travel to encourage future behaviour change
- Increase the use of active and sustainable travel modes among underrepresented groups in the region who might face additional barriers
- Collaborate with local authorities and third-sector partners to strengthen capacity and capability in active and sustainable travel.

Its focus will be on travel for functional journeys though changed travel habits for leisure may also be supported where this can be demonstrated to contribute to regional health and/or economic development objectives.

The People and Place budget will be split across five funding areas, with the majority of the budget allocated to the Regional Priority Intervention Fund, alongside funding for Local Authorities and community groups.

Travel to Healthcare Strategy

As detailed earlier, lack of travel options is cited as one of the main reasons for people missing healthcare appointments, and this is likely to be worse in rural areas with higher levels of transport poverty. The Mobility and Access Commission produced a series of recommendations to address this in the Transport to Health and Social Care report in 2019.

Since then the Scottish Government's Primary Care team has produced an action plan to tackle this issue, but the plan lacks detail, misses opportunities to capitalise on existing assets, and progress has been, at best, very slow.

Therefore SEStran will establish a programme to develop a TtH strategy in the region. The programme will now build on the network that has been established to build a case for change, outline options appraisal, detailed options appraisal, and final business case.

It is anticipated that an implementation plan will then be developed and mobilised, but as this is beyond the scope of the initial programme, it will be subject to further approval, and is likely to take place between late 2026 and 2028.

Rail Strategy and Freight Strategy

Given the importance of passenger rail to achieve modal shift to more a more sustainable means of travelling by encouraging people to use trains instead of cars for both utility and leisure journeys, it is vital that the SEStran region has a carefully thought out Rail Strategy that supports the enormous scale of development and population growth in the region.

Additionally, freight transport accounts for a significant proportion of the region's carbon emissions. It is important that the Partnership is able to gather data on freight movements into, within and out of the region, and to examine the potential to move it from road to rail, or to move it from HGVs or vans to more sustainable forms of transport such as cargo bikes or trams.

These strategies will form part of a holistic approach to delivering a number of key pillars in the RTS. The emerging strategies on bus, rail, active travel, interchanges / mobility hubs, and freight will be developed in such a way that they form a comprehensive sustainable travel strategy for the region.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

7. Certification

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)

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.

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 2025.

Treasurer: RICHARD LLOYD-BITHELL, CPFA _____ Date signed:

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2024/25

1. Scope of Responsibility

The Partnership's Vision Statement is for a South-East of Scotland, fully integrated transport system that will be efficient, connected and safe; create inclusive, prosperous and sustainable places to live, work and visit; be affordable and accessible to all, enabling people to be healthier; and delivering the region's contribution to net zero emissions targets.

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.

The Partnership aims for compliance with Public Sector Equality Duties, including Scottish Specific Duties.

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 2024/25 (*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's Vision Statement is for a South-East of Scotland, fully integrated transport system that will be efficient, connected and safe; create inclusive, prosperous and sustainable places to live, work and visit; be affordable and accessible to all, enabling people to be healthier; and delivering the region's contribution to net zero emissions targets.

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 2024/25 (*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. Procurement Procedures

During 2023/24, the Partnership's legal advisers were engaged to review the Partnership's procurement procedures. All the Partnership's Standing Orders were reviewed and strengthened in 2023/24 and 2024/25, including Contract and Grant Standing Orders. Procurement procedures will be subject to ongoing review, with any revisions to procedures and processes requiring Board approval.

6. Internal Audit Opinion

The City of Edinburgh Council Internal Audit Service undertakes one annual review each year to provide assurance over the controls established by the Partnership to mitigate specific key risks. During 2024/25, the Internal Audit Service undertook a review of the internal processes and controls surrounding the development and management of the People and Place Plan grant funding. The objective was to assess the adequacy and effectiveness of the existing control environment and to identify areas for improvement to support sound decision-making and governance. The review provided reasonable assurance that SEStran has a generally sound framework of governance, risk management and control in place to support the administration of People and Place Plan grant funding. While some areas for improvement were identified, particularly related to the design and operational effectiveness of certain key processes, these are not considered to significantly undermine the overall control environment. Addressing them would provide an opportunity to further transparency, financial stewardship, and regulatory compliance.

Due to the 2024/25 review being focussed on the key controls in place surrounding the development and management of the People and Place Plan grant funding, an internal audit annual opinion is not given on the Partnership's overall governance arrangements. As the Partnership uses the financial systems of City of Edinburgh Council, assurance is placed on work undertaken by Internal Audit on the City of Edinburgh Council's financial systems.

7. 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 2025. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system.

8. 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.
9. The Partnership's governance arrangements and systems are confirmed as being operational and current at the date of signing of this Annual Governance Statement.

The South East of Scotland Transport Partnership (SESTRAN)

REMUNERATION REPORT

1. Audit of Remuneration Report

The tables at sections 5, 6, 7 and 8 on pages 16 and 17 in the Remuneration Report will be audited by the Partnership's external auditor. The other sections in the Remuneration Report will be reviewed by the external auditor to identify material inconsistencies with the financial statements, or is inconsistent with knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

2. 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.

3. 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.

4. 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.

5. Officers Remuneration

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

Remuneration Bands	2024/25	2023/24
£50,000 - £54,999	1	1
£55,000 - £59,999	2	0
£60,000 - £64,999	0	1
£65,000 - £69,999	1	0
£90,000 - £94,999	0	1
£95,000 - £99,999	1	0

6. Senior Employees Remuneration

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

Name and Post Title	Salary, Fees and Allowances £	Total Remuneration 2024/25 £	Total Remuneration 2023/24 £
Brian Butler - Partnership Director	98,712	98,712	92,787
	98,712	98,712	92,787

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.

7. 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	
	2024/25 £	2023/24 £		As at 31 March 2025 £'000	Difference from 31 March 2024 £'000
Brian Butler - Partnership Director	25,923	30,713	Pension	5	3
			Lump Sum	0	0
	25,923	30,713			

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 2024-25 were as follows:

Whole Time Pay	Contribution rate
On earnings up to and including £27,000 (2023/2024 £25,300)	5.50%
On earnings above £27,000 and up to £33,000 (2023/2024 £25,300 to £31,000)	7.25%
On earnings above £33,000 and up to £45,300 (2023/2024 £31,000 to £42,500)	8.50%
On earnings above £45,300 and up to £60,400 (2023/2024 £42,500 to £56,600)	9.50%
On earnings above £60,400 (2023/2024 £56,000)	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

9. Trade Union (Facility Time Publication Requirements) Regulations 2017

The Partnership is required to report information on facility time made available to employees who are trade union representatives. For 2024/25, no individual spent time during the year on trade union-related activities.

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.

2023/24 - Previous Year Comparative

Opening Balances at 1 April 2023

Movement in reserves during 2023/24

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 2023/24

Balance at 31 March 2024 carried forward

Usable Reserves		Unusable Reserves	Total Partnership Reserves
General Fund Balance	Total Usable Reserves		
£'000	£'000	£'000	£'000
208	208	220	428
223	223	0	223
0	0	(48)	(48)
223	223	(48)	175
(3)	(3)	3	0
220	220	(45)	175
428	428	175	603

2024/25 - Current Financial Year

Opening Balances at 1 April 2024

Movement in reserves during 2024/25

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 2024/25

Balance at 31 March 2025 carried forward

Usable Reserves		Unusable Reserves	Total Partnership Reserves
General Fund Balance	Total Usable Reserves		
£'000	£'000	£'000	£'000
428	428	175	603
107	107	0	107
0	0	(31)	(31)
107	107	(31)	76
34	34	(34)	0
141	141	(65)	76
569	569	110	679

The South East of Scotland Transport Partnership (SESTRAN)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2024/25

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.

2023/24			2024/25			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
749	0	749	Core	858	(5)	853
996	(990)	6	Projects	5,213	(5,197)	16
1,745	(990)	755	Cost Of Services	6,071	(5,202)	869
142	(148)	(6)	Financing & Investment Income (Note 9)	165	(208)	(43)
0	(972)	(972)	Taxation and Non-Specific Grant Income (Note 10)	0	(933)	(933)
1,887	(2,110)	(223)	(Surplus) or Deficit on Provision of Services	6,236	(6,343)	(107)
			Other Comprehensive Income and Expenditure			
0	(48)	(48)	Change in Demographic Assumptions	0	(4)	(4)
0	(164)	(164)	Change in Financial Assumptions	0	(474)	(474)
0	(68)	(68)	Changes in the effect of the asset ceiling	466	0	466
369	0	369	Other Experience	0	(28)	(28)
0	(41)	(41)	Return on Assets excluding amounts included in net interest	71	0	71
369	(321)	48	Total Other Comprehensive Income and Expenditure	537	(506)	31
2,256	(2,431)	(175)	Total Comprehensive Income and Expenditure	6,773	(6,849)	(76)

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".

31 March 2024 £'000		Note	31 March 2025 £'000
189	Property, plant and equipment	11	152
0	Other long-term assets (Pensions)	24	0
189	Long term assets		152
741	Short-term debtors	13	2,212
0	Provision for Bad Debts	14	0
228	Cash and cash equivalents	15	1,327
969	Current assets		3,539
0	Contributions and Grants Received in Advance		0
(555)	Short-term creditors	16	(3,001)
(555)	Current liabilities		(3,001)
0	Property Lease	23	(11)
0	Long-term liabilities		(11)
603	Net assets/ (liabilities)		679
	Financed by:		
428	Usable reserves	17	569
175	Unusable reserves	18	110
603	Total reserves		679

The unaudited Annual Accounts were issued on the 13th June 2025.

Treasurer: RICHARD LLOYD-BITHELL, 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 other receipts and contributions for 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 2024 £'000	31 March 2024 £'000		31 March 2025 £'000	31 March 2025 £'000
		OPERATING ACTIVITIES		
(782)		Government Grants	(3,730)	
(190)		Constituent Council Requisitions	(176)	
2		Interest paid/ (received)	(5)	
(1,871)		Other receipts from operating activities	(1,470)	
	(2,841)	Cash inflows generated from operating activities		(5,381)
585		Cash paid to and on behalf of employees	768	
2,121		Cash paid to suppliers of goods and services	3,513	
	2,706	Cash outflows generated from operating activities		4,281
	(135)	Net cash flows from operating activities		(1,100)
		INVESTING ACTIVITIES		
134		Purchase of property, plant and equipment	1	
0		Proceeds from the sale of property, plant and equipment	0	
	134	Net cash flows from investing activities		1
		FINANCING ACTIVITIES		
0		Other receipts from financing activities	0	
	0	Net cash flows from financing activities		0
	(1)	Net(increase)/ decrease in cash and cash equivalents		(1,099)
	227	Cash and cash equivalents at the beginning of the reporting period		228
	228	Cash and cash equivalents at the end of the reporting period (Note 15)		1,327

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 Leases

a) Finance Leases

Leased-in assets

Leases for Right of Use assets are classified as finance leases where the terms of the lease are consistent with International Financial Reporting Standard 16 (IFRS16). All other leases are classified as operating leases.

The Partnership has identified one leased-in property asset that falls within the definition of a finance lease.

The lease is recognised as a Right of Use asset on the Balance Sheet. Depreciation and an Interest expense is charged to the Comprehensive Income and Expenditure statement over the life of the lease.

Leased-out assets

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

b) Operating Leases

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.

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 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, or is the value of the net pension asset, 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 by the Code for the relevant financial year. The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability);
- IFRS 17 Insurance Contracts;
- changes to the measurement of non-investment assets, which include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

For the standards introduced by the 2025/26 Code, there is currently no information known on the potential impact that application of the new standards will have on the Partnership's financial statements.

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;
- Section 37 confirmations (Virgin Media vs NTL Pension Trustees II Limited ruling) - the actuary to Lothian Pension Fund has made no additional allowance for this initial legal judgement from July 2023 due to:
 - > the ruling only applying to the above-named private sector pension scheme;
 - > the legal judgement was subject to appeal and in July 2024, the Court of Appeal dismissed the appeal, with the original ruling standing;
 - > it is unknown whether there would be any potential remedy required to public service schemes;
 - > it is unknown what the impact of any potential remedy would be;
 - > The Department of Works and Pensions is being asked by pension bodies to look at pragmatic solutions where schemes are unable to evidence historic section 37 confirmation.
- Guaranteed Minimum Pension (GMP) equalisation / indexation treatment (Lloyds' ruling). The actuary has allowed for the impact of full GMP indexation in the calculation of the latest funding valuation results. The Employer's funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance for full GMP indexation is included in the disclosure;
- GMP equalisation – historical transfers (Further Lloyd's ruling) - the actuary has advised that this further ruling is unlikely to have a significant impact on the pension obligations of a typical employer. The historic individual member data required to assess the impact is not readily available. As a result, no allowance has been made within the actuary's calculations at the Accounting Date;
- Local Government Pension Scheme (LGPS) - McCloud and Sargeant cases. The actuary has allowed for the McCloud judgement in the calculation of the latest funding valuation results. The Employer's funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance is included in the accounting disclosure;
- 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. The actuary has previously carried out some approximate analysis across LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The remedy is still uncertain. It is estimated the potential impact of this to be very small for a typical Fund (c0.1% of obligations). The actuary does not believe it is necessary or appropriate to make an adjustment to account for this at the moment, given the level of additional work and fees that would be involved for the Employer (and indeed the highly approximate nature of applying an unknown remedy);

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (*continued*)

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.

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 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are:

4.1 Pension Asset/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. 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%	45
1 year increase in member life expectancy	4%	97
0.1% increase in the Salary Increase Rate	0%	1
0.1% increase in the Pension Increase Rate (CPI)	2%	45

5. EVENTS AFTER THE BALANCE SHEET DATE

The unaudited Annual Accounts were authorised for issue on 13th June 2025. 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 2025, 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 2025 which would materially affect the 2024/25 Annual Accounts.

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 19).

Expenditure and Funding Analysis

	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES
	£'000	£'000	£'000
2024/25			
Core	820	34	854
Projects	16	0	16
Net Cost of Services	836	34	870
Other Income and Expenditure			
Government grant	(743)	0	(743)
Constituent council requisitions	(190)	0	(190)
Interest paid/ (received)	(44)	0	(44)
Interest on the effect of the asset ceiling	0	30	30
Net pension interest cost/ (income)	0	(30)	(30)
(Surplus) or deficit on the provision of services	(141)	34	(107)
	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES
	£'000	£'000	£'000
2023/24			
Core	734	14	748
Projects	23	(16)	7
Net Cost of Services	757	(2)	755
Other Income and Expenditure			
Government grant	(782)	0	(782)
Constituent council requisitions	(190)	0	(190)
Interest paid/ (received)	(5)	0	(5)
Interest on the effect of the asset ceiling	0	31	31
Net pension interest cost	0	(32)	(32)
(Surplus) or deficit on the provision of services	(220)	(3)	(223)

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
2024/25				
Core	53	(31)	12	34
Projects	0	0	0	0
Net Cost of Services	53	(31)	12	34
Other Income and Expenditure				
Interest paid/ (received)	0	0	0	0
Interest on the effect of the asset ceiling	0	30	0	30
Net pension interest cost/ (received)	0	(30)	0	(30)
(Surplus) or deficit on the provision of services	53	(31)	12	34
	Adjusts. For Capital Purposes £'000	Net Change for Pensions Adjusts. £'000	Other Differences £'000	Total Statutory Adjusts. £'000
2023/24				
Core	58	(47)	3	14
Projects	(16)	0	0	(16)
Net Cost of Services	42	(47)	3	(2)
Other Income and Expenditure				
Interest on the effect of the asset ceiling	0	31	0	31
Net pension interest cost	0	(32)	0	(32)
(Surplus) or deficit on the provision of services	42	(48)	3	(3)

- 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
2024/25			
Expenditure			
Employee expenses	680	0	680
Other service expenses	145	5,213	5,358
Total Expenditure	825	5,213	6,038
Income			
Income from recharges for services	0	0	0
Government grants and other contributions	(5)	(5,197)	(5,202)
Total Income	(5)	(5,197)	(5,202)
Net Cost of Services	820	16	836

	Core £'000	Projects £'000	Total £'000
2023/24			
Expenditure			
Employee expenses	494	0	494
Other service expenses	240	1,013	1,253
Total Expenditure	734	1,013	1,747
Income			
Government grants and other contributions	0	(990)	(990)
Total Income	0	(990)	(990)
Net Cost of Services	734	23	757

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 2025 £'000	31st March 2024 £'000
Expenditure		
Employee expenses	661	450
Other service expenses	5,358	1,234
Depreciation, amortisation and impairment	52	61
Interest payments	165	142
Total Expenditure	6,236	1,887
Income		
Fees, charges and other service income	0	0
Interest and investment income	(208)	(148)
Income from constituent councils	(190)	(190)
Government grants and other contributions	(5,945)	(1,772)
Total Income	(6,343)	(2,110)
(Surplus) or Deficit on the Provision of Services	(107)	(223)

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.

2024/25	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 <u>Capital Adjustment Account</u>					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	58	(58)			(58)
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	(5)	5			5
Adjustments primarily involving the <u>Pensions Reserve</u>					
Reversal of items relating to retirement benefits debited or credited to the CIES	111			(111)	(111)
Employer's pension contributions and direct payments to pensioners payable in the year	(142)			142	142
Adjustments primarily involving the <u>Accumulated Absence Account</u>					
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	12		(12)		(12)
Total Adjustments	34	(53)	(12)	31	(34)

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.

2023/24	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 <u>Capital Adjustment Account</u>					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	61	(61)			(61)
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	(19)	19			19
Adjustments primarily involving the <u>Pensions Reserve</u>					
Reversal of items relating to retirement benefits debited or credited to the CIES	74			(74)	(74)
Employer's pension contributions and direct payments to pensioners payable in the year	(122)			122	122
Adjustments primarily involving the <u>Accumulated Absence Account</u>					
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	3		(3)		(3)
Total Adjustments	(3)	(42)	(3)	48	3

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 2024/25 to 2025/26.

9. FINANCING AND INVESTMENT INCOME

	2024/25 £'000	2023/24 £'000
Interest income on pension asset/liability	(165)	(143)
Interest Paid/ (Received)	(43)	(5)
Pensions interest cost	135	111
Interest on the effect of the asset ceiling	30	31
	<hr/> (43) <hr/>	<hr/> (6) <hr/>

10. TAXATION AND NON SPECIFIC GRANT INCOME

	2024/25 £'000	2023/24 £'000
Government Grant	(743)	(782)
Constituent Council Requisitions	(190)	(190)
	<hr/> (933) <hr/>	<hr/> (972) <hr/>

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 2024/25

Cost or Valuation	Property Lease (Right of Use Asset)	Vehicles Plant and Equipment £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000
At 1st April 2024	0	839	11	850
Additions	21	0	0	21
Transfers	0	0	0	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0
At 31st March 2025	21	839	11	871

Accumulated Depreciation

At 1st April 2024	0	(661)	0	(661)
Depreciation charge	(5)	(53)	0	(58)
Depreciation written out to the Surplus/Deficit on the Provision of Services		0	0	0
At 31st March 2025	(5)	(714)	0	(719)

Net Book Value

At 31st March 2025	16	125	11	152
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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 2023/24

Cost or Valuation	Vehicles Plant and Equipment £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000
At 1st April 2023	795	36	831
Additions	19	0	19
Transfers	25	(25)	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0
At 31st March 2024	839	11	850
Accumulated Depreciation			
At 1st April 2023	(600)	0	(600)
Depreciation charge	(61)	0	(61)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0
At 31st March 2024	(661)	0	(661)
Net Book Value			
At 31st March 2024	178	11	189

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 2025, the Partnership had no capital commitments.

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 2025 £'000	31st March 2024 £'000
Trade creditors	1,253	567

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

	Current	
	31st March 2025 £'000	31st March 2024 £'000
Loans and receivables	3,261	562
Trade debtors	57	121
	3,318	683

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:

	31 March 2025		31 March 2024	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
Financial Liabilities	£'000	£'000	£'000	£'000
Trade creditors	1,253	1,253	567	567
	31 March 2025		31 March 2024	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
Financial Assets	£'000	£'000	£'000	£'000
Loans and receivables	3,261	3,261	562	562
Trade debtors	57	57	121	121
	<u>3,318</u>	<u>3,318</u>	<u>683</u>	<u>683</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 2025 £'000	31st March 2024 £'000
Total expense and income in Surplus or Deficit on the Provision of Services:		
Interest Expense/ (Income)	(43)	(5)

13. DEBTORS

	31st March 2025 £'000	31st March 2024 £'000
Debtors:		
Central government bodies	1,934	340
Other local authorities	109	201
HM Customs and Excise - VAT	30	62
Other entities and individuals	139	138
	<u>2,212</u>	<u>741</u>

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

14. PROVISION FOR BAD DEBTS

	31st March 2025 £'000	31st March 2024 £'000
Cost or Valuation		
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 2025 £'000	31st March 2024 £'000
Bank account	1,327	228
	1,327	228

16. CREDITORS

	31st March 2025 £'000	31st March 2024 £'000
Central government bodies	(92)	(4)
Other local authorities	(2,032)	(25)
Other entities and individuals	(846)	(511)
Employee costs	(26)	(15)
Finance Lease obligations	(16)	0
	(3,012)	(555)

17. USABLE RESERVES

	31st March 2025 £'000	31st March 2024 £'000
17.1 Unallocated General Fund Reserve	221	135
17.2 Earmarked Balance - Project Budget slippage	348	293
	569	428

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

18. UNUSABLE RESERVES

		31st March 2025 £'000	31st March 2024 £'000
18.1	Capital Adjustment Account	136	189
18.2	Pension Reserve	0	0
18.3	Accumulated Absence Account	(26)	(14)
		<hr/>	<hr/>
		110	175
		<hr/>	<hr/>

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.

	2024/25 £'000	2023/24 £'000
Balance at 1st April	189	231
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	(58)	(61)
• Charges for revaluation of non-current assets	0	0
	<hr/>	<hr/>
Net written out amount of the cost of non-current assets consumed in year	131	170
Capital financing applied in the year:		
• Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	5	19
	<hr/>	<hr/>
Balance at 31st March	136	189
	<hr/>	<hr/>

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)*

	2024/25 £'000	2023/24 £'000
Balance at 1st April	0	0
Remeasurements of the net defined benefit liability	(31)	(48)
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.	(111)	(74)
Employer's pension contributions and direct payments to pensioners payable in the year.	142	122
Balance at 31st March	<u>0</u>	<u>0</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.

	2024/25 £'000	2023/24 £'000
Balance at 1st April	(14)	(11)
Settlement or cancellation of accrual made at the end of the preceding year	14	11
Amounts accrued at the end of the current year	(26)	(14)
Balance at 31st March	<u>(26)</u>	<u>(14)</u>

19. MEMBERS EXPENSES

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

	2024/25 £'000	2023/24 £'000
Expenses	<u>0</u>	<u>0</u>
	<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:

	2024/25	2023/24
	£'000	£'000
Fees payable in respect of:		
• external audit services carried out by the appointed auditor for the year	13	13
	<u>13</u>	<u>13</u>

21. GRANT INCOME

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

	2024/25	RESTATED 2023/24
	£'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	0	(11)
EU Grant - Connect	0	(13)
EU Grant - Primaas	0	1
EU Grant - Regio Mob	0	2
Contribution - Scotrail Trains	(5)	0
EU Grant - Surflogh	0	(8)
Contribution - City of Edinburgh Council	0	(2)
Contribution - East Lothian Council	0	(2)
Contribution - Falkirk Council	0	(7)
Contribution - Fife Council	(1)	(3)
Contribution - Midlothian Council	0	(5)
Contribution - Scotrail	0	(5)
Contribution - Scottish Borders Council	(1)	(2)
Contribution - Paths for All	(87)	0
Contribution - Stirling Communication Centre	(4)	(4)
Contribution - Scottish Government/ Transport Scotland	(5,084)	(867)
Contribution - The Media Shop	0	(1)
Contribution - West Lothian Council	(1)	(1)
Contribution - HITRANS	0	(10)
Contribution - NESTRANS	(3)	(6)
Contribution - SPT	(5)	(11)
Contribution - SWESTRANS	(2)	(2)
Contribution - TACTRAN	(7)	(31)
Contribution - ZETRANS	(1)	(1)
	<u>(5,201)</u>	<u>(989)</u>

* Contributions have been reduced by £0.627m to remove agency income.

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 2024-25 is shown in Note 19.

22.3 Other Parties

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

	2024/25 £'000	2023/24 £'000
• Revenue Expenditure - Support Services		
City of Edinburgh Council - Financial and Clerking Services	42	42
Falkirk Council - HR Services	0	0
	<hr/> 42	<hr/> 42
• Revenue Expenditure - Interest on Revenue Balances		
City of Edinburgh Council	0	0
	<hr/> 0	<hr/> 0
• Revenue Expenditure - Grants/ Other		
City of Edinburgh Council	825	2
Clackmannanshire Council	212	0
East Lothian Council	162	0
Falkirk Council	84	0
Fife Council	320	0
Midlothian Council	105	0
Scottish Borders Council	459	0
Scottish Government	105	17
West Lothian Council	151	0
	<hr/> 2,423	<hr/> 19

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

22. RELATED PARTIES *(continued)*

22.3 Other Parties *(continued)*

	2024/25 £'000	2023/24 £'000
• Revenue Income - Requisitions		
Clackmannanshire Council	(6)	(6)
East Lothian Council	(13)	(13)
City of Edinburgh Council	(61)	(62)
Falkirk Council	(19)	(19)
Fife Council	(44)	(44)
Midlothian Council	(11)	(11)
Scottish Borders Council	(14)	(13)
West Lothian Council	(22)	(22)
	<u>(190)</u>	<u>(190)</u>
• Revenue Income - Interest on Revenue Balances		
City of Edinburgh Council	(44)	(5)
	<u>(44)</u>	<u>(5)</u>
• Revenue Income - Other		
City of Edinburgh Council	0	(2)
East Lothian Council	0	(2)
Falkirk Council	0	(7)
Fife Council	(1)	(3)
Midlothian Council	0	(5)
Scottish Borders Council	(1)	(2)
Scottish Government/ Transport Scotland	(5,084)	(867)
West Lothian Council	(1)	(1)
	<u>(5,087)</u>	<u>(889)</u>
• Revenue Income - Agency Income		
Clackmannanshire Council	(2)	0
Fife Council	(151)	(180)
Falkirk Council	(52)	0
Midlothian Council	0	(275)
Scottish Borders Council	(59)	(59)
West Lothian Council	0	(46)
	<u>(264)</u>	<u>(560)</u>

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 2025, with its related parties.

CREDITORS	2024/25	RESTATED *
	£'000	2023/24
		£'000
• Creditors - Related Parties (Revenue and Capital Grants)		
Clackmannanshire Council	(181)	0
East Lothian Council	(104)	0
Falkirk Council	(54)	0
Fife Council	(320)	0
Midlothian Council	(89)	0
Scottish Borders Council	(213)	0
The City of Edinburgh Council	(612)	0
West Lothian Council	(152)	0
	(1,725)	0
• Creditors - Related Parties (Other)		
City of Edinburgh Council	(307)	(25)
Scottish Government	(108)	(4)
West Lothian Council	(1)	0
	(416)	(29)
• Creditors - Other Parties	(871)	(526) *
Total Creditors	(3,012)	(555)
DEBTORS		
• Debtors - Related Parties (Revenue Grants/ Other)		
East Lothian Council	0	2
Falkirk Council	35	4
Fife Council	53	137
Scottish Borders Council	15	2
Scottish Government/ Transport Scotland	1,934	335
West Lothian Council	1	56
	2,038	536
• Debtors - Other Parties	174	205
Total Debtors	2,212	741

* Restated to reduce Creditors - Other Parties by £0.024m for the City Edinburgh Council Holding Account balance.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

23. LEASES

Finance Lease

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 lease is accounted for as a Finance lease.

	2024/25 £'000	2023/24 £'000
• Not later than 1 year	5	0
• Over 1 year	11	0
	<hr/> 16	<hr/> 0

Operating Leases

On 15th December 2023, the Partnership entered an Agreement with Brompton Bike Hire Limited for the provision of two eight-bay Brompton Hire bicycle docks and sixteen hire bicycles over a period of five years at a total cost of £113,564. The full value of £113,564 was paid in 2023/24.

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 September 2025.

The Partnership entered a contract with O2 to lease ten SIM cards, effective from 10th February 2024.

The Partnership's expenditure on lease payments during 2024/25 was £24,000 (2023/24 £23,000*).

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

	2024/25 £'000	RESTATED * 2023/24 £'000
• Not later than 1 year	24	23
• Over 1 year	62	84
	<hr/> 86	<hr/> 107

* 2023/24 is restated to reflect inclusion of the Agreement with Brompton Bike Hire Limited.

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 require 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:

	2024/25 £000	2024/25 £000	2023/24 £000	2023/24 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	111		75	
Past service costs	<u>0</u>	111	<u>0</u>	75
<i>Financing and investment income:</i>				
Net interest expense/ (income)	(30)		(32)	
Interest on the effect of the asset ceiling	<u>30</u>	0	<u>31</u>	(1)
Total post employee benefit charged to the surplus on the provision of services		<u>111</u>		<u>74</u>
<i>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</i>				
Remeasurement of the net defined liability, comprising:				
Return on pension assets, excluding the amount included in the net interest expense above	71		(41)	
Actuarial gains and (losses) arising on changes in financial assumptions	(474)		(164)	
Actuarial gains and (losses) arising on changes in demographic assumptions	(4)		(48)	
Restriction in Pension Asset	466		(68)	
Other experience	<u>(28)</u>		<u>369</u>	
		<u>31</u>		<u>48</u>
Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement		<u>142</u>		<u>122</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>(31)</u>		<u>73</u>
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to the scheme		<u>142</u>		<u>135</u>
		<u>142</u>		<u>135</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:

	2024/25 £'000	2023/24 £'000
Fair value of employer assets	3,541	3,363
* Restriction in Pension Asset	(1,106)	(610)
Present value of funded liabilities	(2,435)	(2,753)
Net asset/(liability) arising from defined benefit obligation	0	0

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

	2024/25 £'000	2023/24 £'000
Opening fair value of scheme assets	3,363	2,976
Interest income	165	143
Remeasurement gain / (loss):		
Other Experience	0	143
Return on plan assets, excluding the amount included in the net interest expense	(71)	41
Contributions from employer	142	122
Contributions from employees into the scheme	36	27
Benefits paid	(94)	(89)
Unfunded benefits paid	0	0
Closing fair value of scheme assets	3,541	3,363

Reconciliation of Present Value of the Scheme Liabilities

	2024/25 £'000	2023/24 £'000
Present value of funded liabilities	(2,753)	(2,329)
Present value of unfunded liabilities	0	0
Opening balance at 1st April	(2,753)	(2,329)
Current service cost	(111)	(75)
Interest cost	(135)	(111)
Contributions from employees into the scheme	(36)	(27)
Remeasurement gain / (loss):		
Change in demographic assumptions	4	48
Change in financial assumptions	474	164
Other experience	28	(512)
Past service cost		0
Benefits paid	94	89
Unfunded benefits paid		0
Closing balance at 31st March	(2,435)	(2,753)

* International Accounting Standard 19 imposes a limit on the maximum amount of surplus which can be recognised on the balance sheet. This adjustment reduced the value of the Pension Asset to the restricted amount for 2023/24 and 2024/25.

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.

	2024/25		2023/24	
	£'000	%	£'000	%
Equity Securities:				
Consumer *	449	13	397	12
Manufacturing *	426	12	462	14
Energy and Utilities *	198	6	183	5
Financial Institutions *	198	6	198	6
Health and Care *	224	6	217	6
Information technology *	110	3	167	5
Other *	239	7	206	6
Other	0	0	0	0
Sub-total Equity Securities	1,843		1,830	
Debt Securities:				
Corporate Bonds (investment grade) *	0	0	54	2
UK Government *	618	17	452	13
Other *	58	2	58	2
Sub-total Debt Securities	676		565	
Private Equity:				
All *	5	0	17	1
All	600	17	14	0
Sub-total Private Equity	606		31	
Real Estate:				
UK Property *	0	0	0	0
UK Property	133	4	172	5
Overseas Property *	0	0	11	0
Sub-total Real Estate	133		183	
Investment Funds and Unit Trusts:				
Equities *	6	0	0	0
Bonds *	52	1	0	0
Bonds	61	2	86	3
Commodities	0	0	37	1
Infrastructure *	0	0	8	0
Infrastructure	14	0	499	15
Other *	29	1	0	0
Sub-total Investment Funds and Unit Trusts	161		630	
Derivatives:				
Foreign Exchange *	1	0	(1)	(0)
Sub-total Derivatives	1		(1)	
Cash and Cash Equivalents				
All *	121	3	125	4
Sub-total Cash and Cash Equivalents	121		125	
Total Fair Value of Employer Assets	3,541		3,363	

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 2025 were those from the beginning of the year (i.e. 31 March 2024) 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 2024 to 31 March 2025 2.8%

	2024/25	2023/24
Mortality assumptions - longevity at 65 for current pensioners:		
• Males	21.9 years	22.0 years
• Females	22.8 years	22.9 years
Mortality assumptions - longevity at 65 for future pensioners:		
• Males	22.1 years	22.2 years
• Females	25.6 years	25.7 years
Pension increase rate	2.75%	2.75%
Salary increase rate (see below)	3.45%	3.45%
Discount rate	5.80%	4.85%

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 2025 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 2026

	Assets £000	Obligations £000	Net (liability) / asset £000	% of pay
Projected current service cost	0	(80)	(80)	(15.9%)
Past service cost including curtailments	0	0	0	
Effect of settlements	0	0	0	
Total Service Cost	0	(80)	(80)	
Interest income on plan assets	208	0	208	
Interest cost on defined benefit obligation	0	(142)	(142)	
Total Net Interest Cost	208	(142)	66	
Total included in Profit or Loss	208	(222)	(14)	

The Partnership's estimated contribution to Lothian Pension Fund for 2025/26 is £136,000.

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.

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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 2025, the Partnership had no financial assets subject to foreign exchange risk.

The Partnership has no financial liabilities denominated in foreign currencies.

26. AGENCY ARRANGEMENTS

Through a Partnership procurement framework contract, the Partnership makes payment for the supply of Bus Passenger Transport Information system ICT equipment and recovers cost from other bodies. Similarly, the Partnership also makes payments to develop and design active travel routes and recovers cost from other bodies. The Partnership has assessed the nature of these transactions to determine if it is acting as a Principal or Agent. Under the Code an Agent is acting as an intermediary, whereas a Principal is acting on its own behalf. In 2024/25, the Partnership entered into agency arrangements with Clackmannanshire Council, Fife Council, Falkirk Council and Scottish Borders Council. The total income received and expenditure incurred of £0.264m is not included in the Comprehensive Income and Expenditure Statement.