

PERFORMANCE & AUDIT COMMITTEE

Dean of Guild Courtroom, City Chambers, Edinburgh, EH1 1YJ
Or Microsoft Teams
Friday 28 February 2025 – 1:00pm

AGENDA

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Secretary to SESTRAN
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PERFORMANCE & AUDIT COMMITTEE

**Virtual Meeting via Microsoft Teams
 on Friday 29 November 2024
 1.00pm**

PRESENT:	<u>Name</u>	<u>Organisation Title</u>
	Councillor Imrie (Chair)	Midlothian Council
	Councillor Law	Clackmannanshire Council
	Councillor Linehan	Scottish Borders Council
	Simon Hindshaw	Non-Councillor Member
	Doreen Steele	Non-Councillor Member
	John Scott	Non-Councillor Member

IN ATTENDANCE:	<u>Name</u>	<u>Organisation Title</u>
	Brian Butler	SEStran
	Cheryl Fergie	SEStran
	Christopher Gardner	Audit Scotland
	Andrew Henderson (Clerk)	City of Edinburgh Council
	Sarah Junik	SEStran
	Marta Kuzma	Audit Scotland
	Sandra Lavergne	SEStran
	Michael Melton	SEStran
	Iain Shaw	City of Edinburgh Council
	Tarryn Wilson-Jones	Audit Scotland

Action by

A1. ORDER OF BUSINESS

It was confirmed that there was no change to the order of business.

A2. APOLOGIES

Apologies were submitted on behalf of Councillor Glen (Fife Council), Councillor John McMillan (East Lothian Council) and Callum Hay (Non-Councillor Member).

A3. DECLARATION OF INTERESTS

None.

A4. MINUTES

To approve the minute of the Performance and Audit Committee of

Friday 13 September 2024 as a correct record.

A5. P&A COMMITTEE ARRANGEMENTS

An overview of the required appointments to the Committee and a proposal to set up a new Sub-Group which will provide additional scrutiny around project and strategy delivery was presented.

Decision

- 1) To note the position regarding future appointments to the Committee; and
- 2) To agree the formation of the Project and Strategy Delivery Oversight Sub Group as set out in section 3

(Reference – report by the Programme Manager, submitted)

A6. FINANCE REPORTS

(a) Audited Annual Accounts 2023-2024

The draft Audited Annual Accounts for the year ended 31st March 2024 were presented.

Decision

To note the draft audited annual accounts and the Auditor's opinion in the audit certificate.

(Reference – report by the Treasurer, submitted)

(b) Indicative Financial Plan 2025/26 to 2026/27

An update on financial planning being progressed for the 2025/26 revenue budget and an indicative plan for 2026/27.

Decision

- 1) To note the financial planning assumptions for the period 2025/26 to 2026/27;
- 2) To note that financial planning for 2025/26 to 2026/27 will continue to be developed for approval of a revenue budget by the Partnership at its meeting in March 2025; and
- 3) To note that the proposed budget is subject to a number of risks. All income and expenditure of the Partnership will continue to be monitored closely with updates reported to each Partnership meeting.

(Reference – report by the Treasurer, submitted)

(c) Finance Officer's Report

The second update on the financial performance of the Partnership's Core and Projects budgets for 2024/25, in accordance with the Financial Regulations of the Partnership was presented along with an. This report analysis of financial performance to the end of October 2024.

Decision

- 1) To note the forecast overspend on the Core revenue budget of £14,000, which is principally due to a reduction in Scottish Government grant funding and will be met by a drawdown from the Partnership's unallocated reserve;
- 2) To note the forecast underspend on the Projects budget of £50,000, after future lease commitments are met; and
- 3) To note the proposed re-alignment of the Projects 2024/25 budget.

(Reference – report by the Treasurer, submitted)

A7. PROJECTS AND STRATEGY PERFORMANCE

An update on the Partnership's strategy and project workstreams over the last quarter was presented. The project report sits alongside the new project lifecycle management process, that will link directly from the business plan to a project outline document, to a project initiation document and, once this has been approved, into this project progress report. This process will allow us to report to the Committee of progress against project objectives, with the aim of this commencing for all projects from the start of 25/26.

Decision

- 1) To note progress recorded by project in the past quarter;
- 2) To note officers would speak to Scottish Borders Council about the work being done in Hawick on e-bikes; and
- 3) To note officers would speak to stakeholders at East Lothian Community Hospital about issues with the carpark being used as a park and ride.

(Reference – report by the Programme Manager, submitted)

A8. RISK MANAGEMENT

The six monthly update of the SEStran risk register was presented.

Decision

- 1) To note the contents of the report, and;
- 2) To note that a final version of the Risk Register will be referred to the Partnership Board for noting.

A9. DATE OF NEXT MEETING

Friday 28th February 2024

PROJECTS AND STRATEGY PERFORMANCE REPORT

1 INTRODUCTION

- 1.1 This report updates the Committee on the future reporting plans in this area, as well as performance of the Partnership's strategy and project workstreams in Quarter 4 to date.
- 1.2 This project report sits alongside the new project lifecycle management process, that will link directly from the business plan to a project outline document, to a project initiation document and, once this has been approved, into this project progress report. This process will allow us to report to the Committee on progress against project objectives, with the aim of this commencing for all projects from the start of 25/26.

2 PROJECT AND STRATEGY DELIVERY OVERSIGHT SUBGROUP

- 2.1 At the last meeting of this Committee, it was agreed to set up a Project and Strategy Delivery Oversight Subgroup (PaSDOS). This Subgroup was set up to add to, and not replace, normal scrutiny of project and strategy delivery, which is currently reported to the Performance and Audit Committee and the Partnership Board.
- 2.2 The remit of Subgroup was agreed as follows:
 - A detailed analysis of key project documentation including the Project Outline Document, Project Initiation Document, Project Status Reports, and Project Closure Reports
 - A review of progress in the most recent quarter
 - Progress against outcomes as agreed in the Business Plan
 - Updates on financial projections for the year as agreed in the Annual Budget and spend within the quarter
 - Progress against project timelines and milestones as agreed in the Business Plan
 - The current programme risk register and issues log
- 2.3 Membership of PaSDOS was to be made up of at least two Councillor members and two non-Councillor members, and was to be initially by invitation, at the direction of the Committee Chair, in order that members with specific skillsets can be targeted. These skillsets may include audit, accounts, programme or project management, change management, risk management or legal knowledge. The following have been agreed as the Members of the Subgroup:
 - Councillor John McMillan
 - Councillor Tom Conn
 - John Scott
 - Simon Hindshaw
 - Alastair Couper

- 2.4 The first meeting of PaSDOS was held on 14th February. At the meeting, the Subgroup reviewed their terms of reference and agreed to revisit these at their next meeting, and appointed Councillor John McMillan as the Subgroup's Chair. They also discussed the information that will be reported to future meetings to ensure they can give adequate scrutiny to project and strategy delivery. A copy of the minutes of the meeting is attached at Appendix 1.

3 FUTURE REPORTING PLANS

- 3.1 With the creation of the Project and Strategy Oversight Delivery Subgroup (PaSDOS) as noted above, some changes are proposed to the scheduling of future versions of this report, and the amount of time allocated to this report within Committee meetings.

- 3.2 At present, the Projects and Strategy Performance Report is reported to each P&A Committee, which covers performance within the current quarter. As Committee meetings tend to occur soon after the midpoint of the quarter, and factoring in time to produce reports, only around 6 weeks of each quarter is reported to each Committee. It is therefore proposed that, in line with the scheduling of PaSDOS meetings, this report is amended so that it is a retrospective look at the performance in the previous quarter. As an example, Q4 24/25 would have the following reporting schedule:

- January - March – Q4 delivery window
- Mid April – report prepared on Q4 delivery
- End April – PaSDOS meets to review Q4 delivery
- End May – Projects and Strategy Performance Report and PaSDOS minutes presented to this Committee
- Mid June - Projects and Strategy Performance Report presented to Board

- 3.3 Some changes to the content of the standard Appendix report will also be made following discussion at the Subgroup on the information that they wish to see. Additionally, from Q1 25/26, progress against objectives and outcomes will be reported in line with the Business Plan.

- 3.4 Due to the additional scrutiny provided by PaSDOS, it is proposed that the time this Committee dedicates to this report during its meetings is reduced. Instead of covering all projects as part of the presentation to Members, only specific projects will be presented based on the discussions held at PaSDOS. The full report will still be sent to Members, and Members will still be able to ask questions on any area of work within the report. The Partnership Board can be asked to discuss matters arising from the work of the sub-group after review by the P&A Committee.

4 PROJECTS AND STRATEGY PROGRESS

- 4.1 Given the change to the reporting timescale set out above, this report is presented as an interim report on Q4 progress to date, with no detailed Appendix, with the full Q4 report to be reviewed by PaSDOS in April and presented to the next meeting of this Committee.

- 4.2 Some key project and strategy work successes over the quarter have been:

- Significant progress has been made on plans for Thistle Assistance, with a survey of users being designed in collaboration with Transport Scotland and Disability Equality Scotland, and a promotional campaign planned for March.
- Real Time Passenger Information screens across the region were able to show an emergency alert for Storm Eowyn following recent development work.
- A memorandum of understanding has been agreed to progress a joint procurement of public EV charging infrastructure across 7 of the SEStran Local Authorities and Dumfries and Galloway. City of Edinburgh Council have approved their role as Lead Authority for this procurement, and are taking forward joint work to agree the detailed tender scope, with the tender due to be published in April.
- While feedback received from the European Union Horizon review board on the FUSION submission for delivering elements of the Freight Strategy was positive, the project was rejected for funding. SEStran is currently working with Napier Transport Research Institute to develop a research proposal that will explore the potential for freight tram in Edinburgh.
- A successful in-person workshop was held with Local Authority representatives to support the development of the RTS Delivery Plan.
- The Newburgh Station final report has been submitted to Transport Scotland and is currently being reviewed, and feedback is awaited. The Winchburgh Station work is progressing with station design and business case development, the steering group meets monthly with SEStran officers participating.

4.3 Several new issues have emerged with the procurement of the GoSEStran app over the quarter to date. These have the potential to have a significant impact on timelines and budget availability. These issues and next steps are currently being assessed and, if required, a report will be provided to the Partnership Board on 14th March.

4.4 As reported to the last Committee Meeting, some underspends are predicted in the Projects Budget which will be requested to be carried over into 25/26. The most substantial of these are include on the Bus Strategy (due to slower than expected progress that is impacting the commission of additional work) and Go E Bike (for a Brompton bike locker near Haymarket Station that is currently being discussed with Network Rail and Scotrail). These and other smaller underspends are currently being managed with a view to minimising any budget carry over request.

4.5 **People and Place**

4.5.1 Key project progress under the 4 themes (plus access to cycles) has been as follows:

- For **access to cycles**, Scottish Borders have delivered 47 bikes and associated equipment to secondary schools. The Bike Station's Wee Bike Library completed surveys that highlighted impact of the project – 30% said they cycle more and use the car less since using the library, and 99% said they'd use the bike library again. FEL's impact through the NHS social prescribing work has received positive feedback, with 24 patients using this service, and one patient reported back: *"FEL in conjunction with the NHS have done a wonderful thing ... by providing e-bikes, I have quite literally got*

my legs back.” University of Edinburgh’s UniCycles scheme remains popular with 62 out of 70 being out on hire in September for longer-time hire. All of the Cycling UK Cycle Access Fund has been allocated, with the focus now moving to monitoring and evaluation.

- With **schools and young people**, the Paths for All officer at Lasswade High School carried out a survey to identify barriers to active travel, receiving 704 responses, and used these to create tailored solutions including consultation with parents around the school run, and gamification of projects for children. The Project Officer at Falkirk High has delivered a range of activities and has received positive feedback from the school: *“The Active Travel Coordinator has been an absolute star with pupils”*. FEL’s Bike Buddies P7 transition project saw significant progress in Q3 with 104 bikes built and delivered in Clackmannanshire - this programme has helped tackle child poverty by making it easier for disadvantaged young people to get to school, work and activities and reduces transport costs for families, improves physical and mental health and opens up new opportunities. Local Authorities have reported successful Q3 training sessions across the region, including Bike4Ever in Edinburgh and Bikeability in Scottish Borders. This quarter the Living Street’s WOW programme logged 278.98k of journeys, and Sustran’s I Bike saw 6,411 attendees.
- The activities being delivered through the **workplaces** theme have seen high engagement rates. East Lothian Council hosted a Workplace Travel Forum Event where a range of speakers offering expertise and networking opportunities. City of Edinburgh Council has been working in collaboration with TravelKnowHow to change commuting and business travel of Council employees - their survey received 1,000 responses enabling a high-quality analysis of travel patterns of staff. Clackmannanshire Council has also been updating their Staff Travel Plan to promote their new Council employee bike fleet.
- For **accessibility and inclusion**, many of the projects are receiving positive feedback from post-intervention surveys. The Cycling UK Development Officer has received excellent feedback and has centred around activities with more of a long-term focus in Q3 including regular led rides in East Lothian towns. A well-attended networking and showcase event was hosted by Cycling UK in Dunbar to promote the funding and projects available. For the Scottish Borders Walk-It programme, a pilot study has been added into the project for an indoor walking study in Q3 with the provision of fitness walking classes which are open to all and free of charge. City of Edinburgh Council have had various successful sessions including 4 led rides involving 27 adults and 18 young people, and 73 attendees over the A Wee Pedal programme supporting social prescribing.
- As part of the **capacity and capability building** work, the Sustrans Embedded Officer in Falkirk has been drafting a Behaviour Change Action Plan to support other work being carried out. Internally at SEStran, Q3 has involved continued planning for 25/26 with a Delivery Plan finalised and approved by the SEStran board in December. Urban Foresight were

commissioned in November to complete evaluation of the 24/25 programme with the grant management review being carried into Q4. A reduction in the SEStran PM grant management requirement has meant additional funding can support programme evaluation and project delivery. In late Q3, SEStran appointed Solo Films to support with video case study production with storyboarding with participants planned for January.

4.5.2 Whilst there has been good project progress as noted above, spend to date is lagging further behind projections, and there is a risk of underspend developing, which would need to be returned to Transport Scotland and not invested in the region. Current action being taken to minimise this is as follows:

- Each funded partner is being contacted to ask for an early indication of any underspend to allow this to be reallocated prior to 31st March. To date, this has seen around £105,000 identified, on top of a contingency of £80,000 that was being held at the start of Q4. There does however remain a risk that further underspend may not be identified and/or communicated to SEStran until too late to reallocate.
- Available funding is being allocated to projects that can spend this as it becomes available. The first priority for this is to fund project related to the academic year up until 30th June 2025 in line with Transport Scotland guidance. This has allowed £115,000 of spend to be reallocated, and has the added benefit of ensuing uninterrupted delivery during the spring term in schools.
- Of the remaining £70,000 (which represents about 1% of the overall programme budget), options currently being considered include additional provision around access to bikes and training offers to support delivery in future years.

4.5.3 To ensure transparency over projects being funded and to share details of this amongst all partners and stakeholders to help facilitate collaboration, an online dashboard has been created with the support of Urban Tide. Members are welcome to view and share the map here: <https://usmart.io/org/sestran/>

5 COMMUNICATIONS AND MARKETING UPDATE

5.1 Communications and marketing achievements in the last quarter include:

- Creation of new SEStran monthly e-newsletter. The current audience for the newsletter is Board and Forum members. The first edition was sent out in December 2024.
- Creation of new SEStran blog. The first blog was published in the January edition of the new newsletter, and can also be found on our website: sestran.gov.uk/blog-our-ambitions-and-intentions-for-the-year-ahead/
- Procurement of a film company to create three People and Place case study films. Filming has just been completed and first rough edits of the films are expected shortly. The films feature the Walk It programme in the Scottish Borders, a foldable bike hire initiative in East Lothian and an adaptive cycle project in Edinburgh.
- Written the first draft of the SEStran 2024/25 Annual Report.

- Provided communications support to the 2025/26 People and Place fund, including creation of three new web pages and promotional social media.
- Procured and briefed a photographer to take photos at a range of currently funded People and Place projects to use across our communications and marketing work.
- Procurement of a media buying agency to market Thistle Assistance. A media schedule is currently being created by the agency, and digital advertising to promote the initiative will take place during March and April.
- Regular posting to LinkedIn is showing a continuous growth in our followers, and helping us to demonstrate what we do and the impact we have.

6 RECOMMENDATIONS

6.1 The Committee is asked to note the contents of this report

Michael Melton

Programme Manager

28th February 2025

Appendix 1: Minutes of the Performance and Strategy Delivery Oversight Subgroup - 14th February 2025

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

PROJECT AND STRATEGY DELIVERY OVERSIGHT SUBGROUP

**Virtual Meeting via Microsoft Teams
on Friday 14 February 2025
2.00pm**

PRESENT:	<u>Name</u>	<u>Organisation Title</u>
	Councillor McMillan (Chair from item 6)	East Lothian Council
	Councillor Conn	West Lothian Council
	Simon Hindshaw	Non-Councillor Member
	John Scott	Non-Councillor Member

IN ATTENDANCE:	<u>Name</u>	<u>Organisation Title</u>
	Brian Butler (chair up to item 5)	SEStran
	Keith Fisker	SEStran
	Sandra Lavergne	SEStran
	Michael Melton	SEStran
	Rachael Murphy	SEStran

Action by

1. ORDER OF BUSINESS

It was confirmed that there was no change to the order of business. Brian Butler confirmed that he would chair the meeting until the election of a permanent chair at item 5.

2. APOLOGIES

Apologies were submitted on behalf of Alastair Couper (Non-Councillor Member).

3. DECLARATION OF INTERESTS

None.

4. PROPOSED TERMS OF REFERENCE

A brief overview of the Terms of Reference was provided to the group.

Discussions focused on how to ensure that the groups remit in the

Terms of Reference (ToR) was suitably refined to make sure the required information was provided to the group and that discussion were as focused as possible. Other elements to be incorporated into the remit included reporting to the Performance and Audit Committee by exception and reviews of RAG statuses.

It was agreed that Michael Melton would redraft the remit section of the ToR for discussion with Cllr John McMillan and then onward circulation to the group for review by email in advance of the next meeting for final approval. MM

Decision

Approval of the Terms of Reference was deferred until the next meeting of the Subgroup.

5. ELECTION OF CHAIR

John Scott nominated Cllr John McMillan to be chair, which was seconded by Cllr Tom Conn. All were in agreement and Cllr John McMillan was elected chair of the Subgroup.

6. FUTURE REPORTING FORMAT AND CONTENT

A summary of the paper was provided, and then each section was taken in turn to allow time for discussion

Risks and Issues: it was noted that the information here is very text heavy and hard to identify where the group should focus its attention. It was agreed it would be beneficial to review the format and order of the risk register in light of this.

Finance: it was agreed to add in a breakdown of spend to date by quarter

Programme: it was generally agreed that the current format is not ideal, and that some relevant narrative would be helpful.

Overall, it was also agreed to adopt an iterative approach to reporting, with time at the end of the next meeting to review and discuss any changes for the following meeting.

Decision

To note the contents of the report.

7. DATE OF NEXT MEETING

Friday 25th April 2025

External Audit - Annual Audit Plan 2024/25

1. Introduction

1.1 This report presents the External Auditor’s Annual Audit Plan for 2024/25.

2. Main Report

2.1 Audit Scotland has been appointed as the Partnership’s External Auditor for the period from 2022/23 until 2026/27.

2.2 The Annual Audit Plan for 2024/25 is appended.

3 Recommendations

It is recommended the Performance and Audit Committee:

3.1 review and notes the External Audit Annual Audit Plan;

3.2 refer the External Audit Annual Audit Plan to the Partnership Board meeting of 14th March 2025.

Richard Lloyd-Bithell

Treasurer

21st February 2025

Appendix Annual Audit Plan 2024/25
Contact iain.shaw@edinburgh.gov.uk

Policy Implications	There are no policy implications arising as a result of this report.
Financial Implications	There are no financial implications arising.
Equalities Implications	There are no equality implications arising as a result of this report.
Climate Change Implications	There are no climate change implications arising as a result of this report.

South East Scotland Transport Partnership

Annual Audit Plan



 AUDIT SCOTLAND

Prepared for South East Scotland Transport Partnership
March 2024

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Introduction

Summary of planned audit work

1. This document summarises the work plan for our 2023/24 audit of South East Scotland Transport Partnership (SEStran). The main elements of the audit include:

- an audit of the financial statements and an Independent Auditor's Report expressing an opinion on whether they give a true and fair view and are free from material misstatement
- an audit opinion on other statutory information published with the financial statements in the annual accounts, including the Management Commentary, the Annual Governance Statement, and the Remuneration Report
- consideration of arrangements in relation to wider scope areas including the appropriateness of the disclosures in the governance statement and the financial sustainability of SEStran and its services
- consideration of the arrangements to secure Best Value

Respective responsibilities of the auditor and SEStran

2. The [Code of Audit Practice](#) sets out in detail the respective responsibilities of the auditor and SEStran. Key responsibilities are summarised below.

Auditor responsibilities

3. Our responsibilities as appointed auditor are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice (including [supplementary guidance](#)) and guided by the Financial Reporting Council's Ethical Standard.

4. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and report on the wider scope arrangements in place at SEStran. In doing this, we aim to support improvement and accountability.

5. The appointed auditor, and engagement lead, for SEStran is Christopher Gardner, Senior Audit Manager.

The responsibilities of SEStran

6. SEStran is responsible for maintaining adequate accounting records and internal controls and preparing financial statements for audit that give a true and fair view. They are also required to produce other reports in the annual accounts in accordance with statutory requirements.

7. SEStran has the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation, and establishing effective arrangements for governance, propriety, and regularity that enable them to deliver their objectives.

Adding Value

8. We aim to add value to SEStran through our external audit work by being constructive and forward looking, by attending meetings of the Performance and Audit Committee; and by recommending good practice. In so doing, we will help SEStran promote improved standards of governance, better management and decision making, and more effective use of resources.

9. The Code of Audit Practice included provisions relating to the audit of less complex bodies. Where the application of the full wider scope is judged by auditors not to be appropriate to an audited body, then the annual audit work can focus on the appropriateness of the disclosures in the governance statement and the financial sustainability of the body and its services.

10. We plan to apply the less complex body provision of the Code to the 2023/24 audit of SEStran. This is based on our assessment of SEStran complying with both the quantitative and qualitative criteria for defining less complex bodies:

- SEStran has gross revenue, gross assets and gross liabilities less than £10.2 million
- We have not identified any wider scope risks beyond financial sustainability as part of our financial audit planning; SEStran was not subject to a statutory report in the prior year, and is not subject to significant public scrutiny

Annual accounts

Introduction

- 11.** The annual accounts are an essential part of demonstrating SEStran's stewardship of resources and its performance in the use of those resources.
- 12.** Appointed auditors are required to perform an audit of the financial statements, consider other information within the annual accounts, and express a number of audit opinions in an Independent Auditor's Report in accordance with International Standards on Auditing (ISAs) in the UK, Practice Note 10 from the Public Audit Forum which interprets the ISAs for the public sector, and guidance from Audit Scotland.
- 13.** We focus our work on the areas of highest risk. As part of our planning process, we perform a risk assessment highlighting the audit risks relating to each of the main financial systems relevant to the production of the financial statements.

Materiality

- 14.** The concept of materiality is applied by auditors in planning and performing the audit, and in evaluating the effect of any uncorrected misstatements on the financial statements. I am required to plan my audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

Materiality levels for the 2023/24 audit

- 15.** We assess materiality at different levels as described in [Exhibit 1](#). The materiality values for SEStran are set out in [Exhibit 1](#).

Exhibit 1

2023/24 Materiality levels for SEStran

Materiality	Amount
Planning materiality – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. Materiality has been set based on our assessment of the needs of the users of the financial statements and the nature of SEStran's operations. For the year ended 31 March 2024, we have set our materiality at 2% of gross expenditure based on the audited financial statements for 2022/23.	£41,340
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this could indicate that further audit procedures are required. Using our	£26,500

professional judgement, we have assessed performance materiality at 65% of planning materiality.

Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£2,000
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Source: Audit Scotland

Significant risks of material misstatement to the financial statements

16. Our risk assessment draws on our cumulative knowledge of SEStran, its major transaction streams, key systems of internal control, and risk management processes. It is informed by our discussions with management, meetings with internal audit, attendance at committees, and a review of supporting information.

17. Audit risk assessment is an iterative and dynamic process. Our assessment of risks set out in this plan may change as more information and evidence becomes available during the progress of the audit. Where such changes occur, we will advise management, and where relevant, report them to those charged with governance.

18. Based on our risk assessment process, we identified the following significant risks of material misstatement to the financial statements. These are risks which have the greatest impact on our planned audit procedures. [Exhibit 2](#) summarises the nature of the risks, management's sources of assurance over these risks, and the further audit procedures we plan to perform to gain assurance over the risks.

Exhibit 2**2023/24 Significant risks of material misstatement to the financial statements**

Significant risk of material misstatement	Management's sources of assurance	Planned audit response
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> Owing to the nature of this risk, assurances from management are not applicable in this instance 	<ul style="list-style-type: none"> Test journals with a focus on significant risk areas. We will consider any unusual or material transactions identified through our audit testing for any evidence of management override of controls. Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. Focussed testing of accounting accruals and prepayments.
<p>2. Risk of material misstatement caused by fraud in expenditure</p> <p>The Code of Audit Practice expands the consideration of fraud under ISA (UK) 240 to include the risk of fraud over expenditure. There is a risk that expenditure may be materially misstated in the 2023/24 financial statements due to the extent and nature of the following significant expenditure streams:</p> <ul style="list-style-type: none"> Project-related expenditure (2022/23: £1.472m) Other service expenditure (2022/23: £0.211m) 	<ul style="list-style-type: none"> Controls in place over expenditure approval and payment processes. Scrutiny of monthly financial reports by management and quarterly budget monitoring reports by the Performance & Audit Committee and Partnership Board Fraud prevention arrangements 	<ul style="list-style-type: none"> Detailed testing of expenditure transactions, focussing on the areas of greatest risk. Review of budget monitoring reports, focusing on significant budget variances. Review of arrangements in place to prevent and detect fraud.

Source: Audit Scotland

19. As set out in ISA (UK) 240: *The auditor's responsibilities relating to fraud in an audit of financial statement*, there is a presumed risk of fraud over the recognition of revenue. There is a risk that revenue may be misstated resulting in a material misstatement in the financial statements. We have rebutted this risk for SEStran because, whilst the possibility of fraud exists, we consider this specific risk of misstatement to be low. This is due to the nature of the partnership's revenue streams and key sources of income, namely government grants, constituent council contributions and grants from other public bodies which is clearly communicated and can be readily agreed to third party confirmations.

20. We have not, therefore, incorporated specific work into our audit plan in this area over and above our standard audit procedures.

Wider scope risks

21. We have identified significant risks in the wider scope areas set out in [Exhibit 3](#). This exhibit sets out the risks, management's sources of assurance for the risks, and the further audit procedures we plan to perform to gain assurances over the risks.

Exhibit 3

2023/24 wider scope risks

Description of risk	Management's sources of assurance	Planned audit response
<p>1. Financial sustainability</p> <p>SEStran has submitted a proposal to Transport Scotland for additional Scottish Government funding of c.£5m to administer Active Travel awards from 2024/25 onwards, representing a significant increase in the partnership's overall expenditure. Without adequate planning for this expansion in activity, there is a risk that resources are strained and the partnership is unable to secure best value.</p>	<ul style="list-style-type: none"> • Ongoing budget monitoring and reporting arrangements by management. • Appropriate procurement procedures and arrangements in place to support good governance 	<ul style="list-style-type: none"> • Consideration of SEStran's strategy to accommodate organisational and financial changes due to increased government funding. • Ongoing review of financial budget monitoring and reporting arrangements in place to achieve a balanced budget. • Review and assessment of SEStran's revised governance arrangements to accommodate increased government funding and change of role.

Source: Audit Scotland

Best Value

22. Auditors have a duty to be satisfied that bodies that fall within section 106 of the Local Government (Scotland) Act 1973 have made proper arrangements to secure Best Value. We will consider how SEStran demonstrates that it is meeting its Best Value responsibilities, and we will report our findings as part of our Annual Audit Report.

Reporting arrangements, timetable, and audit fee

Reporting arrangements

23. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft reports will be shared with the relevant officers to confirm factual accuracy.

24. We will provide:

- an Independent Auditor's Report to SEStran and the Accounts Commission setting out our opinions on the annual accounts
- SEStran and the Accounts Commission with an Annual Audit Report containing observations and recommendations on significant matters which have arisen during the audit and conclusions on wider scope areas.

25. [Exhibit 4](#) outlines the target dates for our audit outputs set by the Accounts Commission. In determining the target reporting date, due regard is paid to the dates for approving the annual accounts set out in regulations of 30 September 2024.

Exhibit 4 2023/24 Audit outputs

Audit Output	Performance and Audit Committee Date
Annual Audit Plan	1 March 2024
Independent Auditor's Report	13 September 2024
Annual Audit Report	13 September 2024

Source: Audit Scotland



26. All Annual Audit Plans and the outputs detailed in [Exhibit 4](#), and any other outputs on matters of public interest, will be published on our website: www.audit-scotland.gov.uk.

Timetable

27. To support an efficient audit, it is critical that the timetable for producing the annual accounts for audit is achieved. We have included a proposed timetable for the audit at [Exhibit 5](#) that has been discussed with management.

28. We will continue to work closely with management to identify the most efficient approach as appropriate and will keep timeframes and logistics for the completion of the audit under review. Progress will be discussed with management and finance officers over the course of the audit.

Exhibit 5 Proposed annual accounts timetable

 Key stage	 Provisional Date
Consideration of the unaudited annual accounts by those charged with governance	7 June 2024
Latest submission date for the receipt of the unaudited annual accounts with complete working papers package.	30 June 2024
Issue of draft Letter of Representation and proposed Independent Auditor's Report	TBC August 2024
Agreement of audited and unsigned annual accounts	TBC August 2024
Issue of Annual Audit Report to those charged with governance.	6 September 2024
Signed Independent Auditor's Report	13 September 2024

Source: Audit Scotland

Audit fee

29. In determining the audit fee, we have taken account of the risk exposure of SEStran and the planned management assurances in place. Fee levels are also impacted by inflation which increases the cost of audit delivery. The proposed audit fee for 2023/24 is £12,560 as set out in [Exhibit 6](#).

Exhibit 6**Audit fees (including VAT)**

Fee component	Fees (£)
External Auditor Remuneration	24,110
Pooled costs	880
Sectoral Cap Adjustment	(12,430)
Total 2023/24 fee	12,560

Source: Audit Scotland

30. In setting the fee for 2023/24, we have assumed that SEStran has effective governance arrangements and will prepare a comprehensive and accurate set of annual accounts for audit in line with the agreed timetable for the audit. The audit fee assumes there will be no major change in respect of the scope of the audit during the year and where our audit cannot proceed as planned, a supplementary fee may be levied.

Other matters

Internal audit

31. It is the responsibility of SEStran to establish adequate internal audit arrangements. We will review the internal audit plan and the results of internal audit's work.

32. While we are not planning to place formal reliance on the work of internal audit in 2023/24, we will review internal audit reports and assess the impact of the findings on our financial statements and wider scope audit responsibilities.

Independence and objectivity

33. The appointed auditor for SEStran is Christopher Gardner, Senior Audit Manager. Auditing and ethical standards, including the Financial Reporting Council's Ethical Standard, require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of SEStran.

34. Audit Scotland has robust arrangements in place to ensure compliance with Ethical Standard including an annual *'fit and proper'* declaration for all members of staff. The arrangements are overseen by the Executive Director of Innovation and Quality, who serves as Audit Scotland's Ethics Partner.

Audit Quality

35. Audit Scotland is committed to the consistent delivery of high-quality public audit. Audit quality requires ongoing attention and improvement to keep pace with external and internal changes. A document explaining the arrangements for providing assurance on the delivery of high-quality audits is available from the [Audit Scotland website](#).

36. The International Standards on Quality Management (ISQM) applicable to Audit Scotland for 2023/24 audits are:

- ISQM (UK) 1 which deals with an audit organisation's responsibilities to design, implement and operate a system of quality management (SoQM) for audits. Our SoQM consists of a variety of components, such as: our governance arrangements and culture to support audit quality, compliance with ethical requirements, ensuring we are dedicated to high-quality audit through our engagement performance and resourcing arrangements, and ensuring we have robust quality monitoring arrangements in place. Audit Scotland carries out an annual evaluation of our SoQM and has concluded that we comply with this standard.
- ISQM (UK) 2 which sets out arrangements for conducting engagement quality reviews, which are performed by senior management not

involved in the audit to review significant judgements and conclusions reached by the audit team, and the appropriateness of proposed audit opinions of high-risk audit engagements.

37. To monitor quality at an individual audit level, Audit Scotland also carries out internal quality reviews of a sample of audits. Additionally, the Institute of Chartered Accountants of England and Wales (ICAEW) carries out independent quality reviews.

38. Actions to address deficiencies identified by internal and external quality reviews are included in a rolling Quality Improvement Action Plan which is used to support continuous improvement. Progress with implementing planned actions is regularly monitored by Audit Scotland's Quality and Ethics Committee.

39. Audit Scotland may periodically seek your views on the quality of our service provision. The team would also welcome feedback more informally at any time.

South East Scotland Transport Partnership

Annual Audit Plan 2023/24

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

www.audit-scotland.gov.uk/accessibility

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Revenue Budget 2025/26 and Indicative Financial Plan 2026/27

1. Introduction

- 1.1 This report presents an update on development of a revenue budget for 2025/26 and an indicative financial plan for 2026/27, for review by the Performance and Audit Committee.
- 1.2 The proposed revenue budget for 2025/26 will be presented to the Partnership Board for approval at its meeting on 14th March 2025.

2. Main Report

Scottish Government Budget 2025-26

- 2.1 The Scottish Budget was introduced to Parliament on 18th December 2024 and is now at Stage 2 of the Scottish Parliament approval process.
- 2.2 It is anticipated Scottish Government funding to Regional Transport Partnerships (RTPs) for 2025/26 will be advised in early 2025.
- 2.3 Following a reduction of £39,000 (5%) in 2024/25, it is anticipated there will be no further change to the Partnership's core funding of £0.743m from the Scottish Government, and that there will be no re-allocation of grant among RTP's. Both assumptions remain to be confirmed.
- 2.4 If available, an update will be provided to the meeting of the Partnership Board on 14th March 2025.

Proposed Revenue Budget 2025-26

- 2.5 Section 3 of the Transport (Scotland) Act 2005, as amended by the Section 122 of the Transport (Scotland) Act 2019 requires the constituent councils of a Regional Transport Partnership to meet the estimated net expenses of the Partnership.
- 2.6 A financial planning report was considered by the Partnership on 6th December 2024. The Partnership noted the financial planning assumptions being progressed for 2025/26 and 2026/27.
- 2.7 Financial planning for 2025/26 and 2026/27 is based on receiving £743,100 of grant from Transport Scotland and £190,000 from constituent council requisitions. This represents a stand-still in Transport Scotland grant and Council requisitions.
- 2.8 In 2024/25, the Partnership was awarded additional funding of £5.326m from Transport Scotland to progress the People and Place Programme (PPP).

- 2.9** For 2025/26, the Scottish Government has advised PPP revenue funding of £2.099m and capital funding of £4.270m – a total of £6.369m. This is an increase of £1.043m from 2024/25. A similar level of funding is estimated for 2026/27, although funding for 2026/27 remains to be confirmed.
- 2.10** The financial plan make provision for a pay award of 3% in 2025/26 and 2026/27.
- 2.11** The proposed budget for 2025/26 includes the change in employers National Insurance contribution rates announced by the Chancellor of the Exchequer on 30th October 2024. This is estimated to cost an additional £11,000.
- 2.12** In the Scottish Government Local Government Finance Settlement announcement, it was advised that discussions remained in progress between the Scottish Government and the UK Government on the provision of additional funding to offset the impact of changes in employer’s National Insurance from April 2025.
- 2.13** Following the Scottish Parliament’s Stage 1 debate on the Scottish Government budget, a shortfall is estimated in the funding to be provided for the increase in National Insurance contributions, with the scope of organisations covered by the funding announcement to be confirmed.
- 2.14** The proposed budget for 2025/26 therefore seeks to contain the additional National Insurance contribution liability.
- 2.15** Other budget estimates have been updated to reflect forecast future costs.
- 2.16** An analysis of the proposed Core budget for 2025/26 and Indicative Financial Plan for 2026/27 is shown in Appendix 1.
- 2.17** Appendix 2 shows the Project Financial Plan for 2025/26. The Plan is based on the indicative Project activity reported to the Partnership on 15th March 2024. Proposed project activity for 2026/27 will be developed during 2025/26.
- 2.18** A summary of the proposed revenue budget for 2025/26 and indicative plan for 2026/27 is presented in the table below. Expenditure is forecast to be within the funding available for each year.

	2025/26 £'000	2026/27 £'000
Expenditure		
Core	852	933
Projects	205	tbc
People and Place	6,369	6,369
Total Expenditure	7,426	7,302
Income		
Scottish Government grant	(743)	(743)
Council contribution	(190)	(190)
Other external income	(124)	tbc
People and Places grant	(6,369)	6,369
Total Income	(7,426)	(7,302)
Total	0	0

2.19 Appendix 3 shows all budgeted expenditure and income since 2019/20.

2.20 The 2025/26 Council requisitions, based on the proposed budget are shown in the table below.

Council	Requisition
Clackmannanshire	6,094
East Lothian	13,344
Edinburgh	61,389
Falkirk	18,610
Fife	43,786
Midlothian	11,528
Scottish Borders	13,683
West Lothian	21,565
Total	£190,000

2.21 In accordance with the provisions of the Transport Scotland (2019) Act, the Partnership has agreed a Reserves Policy and established an unallocated General Fund reserve of £47,000, based on 5% of the core revenue budget.

2.22 At 1st April 2024, the Partnership has an unallocated General Fund Reserve of £135,000. Based on the forecast of a balanced budget at 31st March 2025, the Partnership's unallocated General Fund Reserve will remain at £135,000. This is 14% of the Core budget.

2.23 A risk assessment for 2025/26 is included at Appendix 4. Financial scenario planning is included at Appendix 5.

3 Next Steps

3.1 Following review by Performance and Audit Committee, the proposed budget for 2025/26 will be presented to the Partnership Board meeting on 14th March 2025, for approval.

3.2 Development of the proposed revenue budget for 2025/26 will continue to be progressed until the meeting of the Partnership Board on 14th March 2025. Any further updates will be reflected in the final report to be presented to the Board.

4 Recommendation

4.1 It is recommended that the Performance and Audit Committee:

4.1.1 note the financial planning assumptions for the Partnership's proposed revenue budget for 2025/26;

4.1.2 note that financial planning for 2025/26 to 2026/27 will continue to be developed for approval of a revenue budget by the Partnership at its meeting in March 2025;

4.1.3 note that the proposed budget is subject to a number of risks. All income and expenditure of the Partnership will continue to be monitored closely with updates reported to each Partnership meeting.

5 Background Reading/External References

5.1 [Indicative Financial Plan 2025/26 and 2026/27](#) – report to South-East Scotland Transport Partnership 6th December 2024

5.2 [Revenue Budget 2024/25 and Indicative Financial Plan 2025/26](#) – report to South-East Scotland Transport Partnership 15th March 2024

Richard Lloyd-Bithell

Treasurer

21st February 2025

Appendix Appendix 1 – Proposed Core Budget 2025/26 and Indicative Budget 2026/27

Appendix 2(a) – Projects - Proposed Activity 2025/26

Appendix 2(b) - Projects - Indicative Activity 2026/27

Appendix 3 – Summary of Revenue Budget 2019/20 – 2025/26

Appendix 4 - Risk Assessment 2025/26

Appendix 5 – Scenario Planning 2025/26

Contact iain.shaw@edinburgh.gov.uk

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

Appendix 1

Proposed Core Budget 2025/26 and Indicative Financial Plan 2026/27

	Approved Budget 2024/25	Proposed Budget 2025/26	Indicative Budget 2026/27
	£000	£000	£000
Employee Costs			
Salaries	499	564	589
National Insurance	57	76	80
Pension Fund	134	151	157
Recharges	0	(149)	(103)
Training & Conferences	10	8	8
Interviews & Advertising	2	2	2
	702	652	733
Premises Costs	18	21	21
Transport	8	5	5
Supplies and Services			
Communications & Computing	48	48	48
Hosted ICT – Novus FX	44	45	45
Printing, Stationery & General Office Supplies	7	7	7
Insurance	7	7	7
Equipment, Furniture, Materials, Miscellaneous	4	4	4
	110	111	111
Support Services			
Finance	31	31	31
Legal Services / HR	7	7	7
	38	38	38
Corporate & Democratic			
Clerks Fees	12	12	12
External Audit Fees	12	12	12
Members Allowances and Expenses	1	1	1
	25	25	25
Interest	0	0	0
Total Gross Expenditure	901	852	933
Funding			
Scottish Government Grant	(711)	(662)	(743)
Council Requisitions	(190)	(190)	(190)
Total Funding	(901)	(852)	(933)

Projects – Proposed Activity 2025-26

Service	2024/25	2025-26			Description
	Net Budget £'000	Expenditure £'000	Income £'000	Net Expenditure £'000	
Sustainable Travel	25	20	(20)	0	Development of approaches to Sustainable Travel.
Active Travel	3	5	(5)	0	Design support for infrastructure.
Bus Strategy Development	75	40	(40)	0	Regional Bus Strategy development.
Regional Transport Strategy	20	18	0	18	Development of the Regional Transport Strategy delivery plan.
Transport Appraisal	8	0	0	0	Projects that use transport appraisal STAG guidance e.g. Newburgh Station work.
GO e-BIKE	49	10		10	Regional bike sharing scheme.
Thistle Assistance	6	30	(24)	6	Public facing accessibility programme for public transport.
Consultancy support	22	22	0	22	External support for officers.
Equalities Access to Healthcare	5	10		10	Development and delivery of travel to healthcare work.
EV Strategy	35	5	0	5	Development and coordination of regional approach to EV charging.
Freight Strategy	10	20	(20)	0	Development and coordination of regional approach to freight and logistics.
Real-Time Passenger Information System	0	25	(15)	10	Development and delivery of regional real time information for bus/tram/train.
Carried forward from 2023/24	(187)				
Total	71	205	(124)	81	
People and Places					
Revenue projects	1,914	2,099	(2,099)	0	
Capital projects	3,412	4,270	(4,270)	0	
Total	5,326	6,369	(6,369)	0	

Summary of Revenue Budget 2019/20 – 2025/26

	19/20	20/21	21/22	22/23	23/24	24/25	25/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Core	584	581	663	619	774	901	852
Projects	690	1,080	809	907	713	325	205
People and Places							
- Revenue						1,914	2,099
- Capital						3,412	4,270
Total Budget	1,274	1,661	1,472	1,526	1,487	6,552	7,426
External Funding							
EU Grants	82	142	106	210	26	100	0
Other income	220	547	394	344	489	154	124
People and Places							
- Revenue						1,914	2,099
- Capital						3,412	4,270
Total External Funding	302	689	500	554	515	5,580	6,493
Scottish Government	782	782	782	782	782	743	743
Council Requisition	190	190	190	190	190	190	190
Total Funding	1,274	1,661	1,472	1,526	1,487	6,513	7,426
Net Position – Surplus (+ve)/ Shortfall (-ve)						(39)	0

Note: For 2024/25, the shortfall of £39,000 reflects a reduction in Scottish Government grant funding. The reduction was confirmed after the Partnership had approved the 2024/25 budget. The shortfall is being managed by recharging appropriate staff costs to the People and Place Programme in 2024/25.

Risk Description	Existing Controls
<p>Pay awards The indicative budget makes provision for a pay award of up to 3% in 2025/26. An uplift of 1% in pay award equates to an increase of £7,757.</p>	<p>Alignment with Local Government Pay Policy. Forecasts will be updated when the final pay settlement is confirmed.</p>
<p>Staff recharges to Projects and People and Place Programme The proposed budget assumes that £149,000 of staff time can be recharged to Projects and to the People and Place Programme.</p> <p>There is a risk this may not be achievable.</p>	<p>The forecast of employee recharges will be reviewed throughout 2025/26 as part of the ongoing monitoring of expenditure and income.</p> <p>Expenditure commitments will be reviewed in the event of any forecast shortfall in employee recharges.</p>
<p>Inflation There is a risk that the indicative budget does not adequately cover price inflation and increasing demand for services.</p>	<p>Allowance made for specific known price inflation. Budgets adjusted in line with current cost forecasts.</p>
<p>Pension Fund Contributions The value of the Partnership's pension fund was restricted to 'Nil' at 31 March 2024, following proper accounting practice. The actual surplus may lead to a decrease in future employer's pension fund contributions.</p>	<p>Following Lothian Pension Fund's Triennial Actuarial Review in 2023, Partnership employer pension fund contribution rates are now confirmed at 26.8% until 31 March 2027.</p>
<p>Funding Reductions Reduction in funding from Scottish Government and/or council requisitions.</p> <p>There is a risk that current levels of activity / staffing cannot be maintained due to funding constraints and that the Partnership will incur staff release costs.</p>	<p>Continue to seek to source external funding.</p> <p>Recruitment control and additional sources of external funding for activities aligned to the Partnership's objectives to supplement resources.</p>

Scenario planning

The principal assumptions underpinning the proposed budget are noted in the table below.

	2025/26	2026/27
Staff pay award (all staff; average provision)	3%	3%
Employee Recharges to Projects and People and Place Programme	£149,000 of employee costs can be recharged to Projects and People and Place Programme in 2025/26.	
Office Rental	Per Scottish Government Memorandum of Terms of Occupation Agreement (MoTO).	
Other contractual commitments	Budget estimates updated, when cost commitments are known.	
Transport Scotland core grant funding	Budget estimate updated when funding advised by Transport Scotland.	
People and Place grant funding	Budget estimate updated when funding advised by Scottish Government.	

The factors with the largest impact on the Partnership's income and expenditure at 2025/26 estimated values are noted in the table below.

	At 2025/26 levels, every 1% change would result in following change from core assumptions
Transport Scotland core grant funding year-on-year change	£7,500
Staff pay award (all staff; average provision)	£7,800
Employee Recharges to Projects and People and Place Programme	£1,490
Office Rental cost (MoTO)	£200
People and Place Programme funding	£64,000

In seeking to manage changes from core assumptions, the Partnership would:

- In the first instance, seek to identify additional project funding opportunities. The Partnership has a consistent track record of leveraging external funding.
- Review the partnership's costs, with the intention of reducing costs to achieve expenditure within the available funding.
- Where appropriate, discuss funding with Transport Scotland, using the Regional Transport Partnerships Chairs Forum, as required.
- Where appropriate, discuss funding with constituent councils.

ANNUAL TREASURY MANAGEMENT STRATEGY

1 Purpose of report

- 1.1 The purpose of this report is to propose a Treasury Management Strategy for 2025/26.

2 Annual Treasury Management Strategy

- 2.1 The Partnership currently 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, 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 and the Partnership in accordance with the former Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). These arrangements were put in place given the existing administration arrangements with the City of Edinburgh Council and the relatively small investment balances which the Partnership has. Although the investment return will be modest, the Partnership will gain security from its counterparty exposure being to the City of Edinburgh Council.

3 Recommendations

It is recommended that the Performance and Audit Committee:

- 3.1 review the Annual Treasury Management Strategy and
3.2 refers the Strategy to the Partnership Board to approve the continuation of the current arrangement, as outlined in Appendix 1.

Richard Lloyd-Bithell
Treasurer

Appendix Appendix 1 - Annual Treasury Management Strategy

Contact/tel Iain Shaw, Tel: 0131 469 3117
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APPENDIX 1

Annual Treasury Management Strategy

(a) Treasury Management Policy Statement

1. The Partnership defines its Treasury Management activities as:

The management of the Partnership's investments, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2. The Partnership regards the successful identification monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. The Partnership acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive measurement techniques, within the context of effective risk management.

Treasury Management is carried out on behalf of the Partnership by the City of Edinburgh Council. The Partnership therefore adopts the Treasury Management Practices of the City of Edinburgh Council. The Partnership's approach to investment is a low risk one, and its investment arrangements reflect this.

(b) Permitted Investments

The Partnership will maintain its banking arrangement with the City of Edinburgh Council's group of bank accounts. The Partnership has no Investment Properties and makes no loans to third parties. As such the Partnership's only investment / counterparty exposure is to the City of Edinburgh Council.

(c) Prudential Indicators

Whilst the Partnership has a Capital Programme this is funded by grant income and no long term borrowing is required. The indicators relating to debt are therefore not relevant for the Partnership. By virtue of the investment arrangements permitted in (b) above, all of the Partnership's investments are variable rate, and subject to movement in interest rates during the period of the investment.

Finance Officer's report

1. Introduction

1.1 This report presents the third update on the financial performance of the Partnership's Core and Projects budgets for 2024/25, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of January 2025.

1.2 The Partnership's Core and Projects budgets for 2024/25 were approved by the Partnership on 15th March 2024.

2. Core Budget

2.1 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 approved Core budget is £901,000. Details of the Core budget are provided in Appendix 1.

2.2 Cumulative expenditure for the ten months to 31st January 2025 was £701,000. This is within the Core budget resources available for the period.

2.3 Estimates have been updated to reflect current expenditure commitments.

2.4 It is projected that net expenditure for the year will be within budget.

2.5 Following the 5% reduction in the 2024/25 revenue grant received from Transport Scotland (£39,000) and review of costs and recharges, the funding shortfall is forecast to be offset by recharging appropriate staff costs to the People and Place Programme. The forecast includes:

2.5.1 employee costs recharged to the 'People and Place Programme' contributing to a net saving of £41,000 for employee costs;

2.5.2 Other minor non-employee cost overspends of £2,000.

Projects Budget

2.6 The approved Projects budget is detailed in Appendix 2.

2.7 The Partnership was on track to spend the full Projects budget during 2023/24 until the requirement to deliver the Scottish Government funded 'People and Place Plan' emerged in December 2023. This necessitated the short-term redeployment of key staff to engage intensively with Transport Scotland and other stakeholders for the remainder of 2023/24. This resulted in the postponement of some project work and carry forward of £187,000 of projects budget to 2024/25.

2.8 Budget of £106,000 has also been carried forward from 2023/24 to meet future lease cost commitments for an Active Travel Network project. This expenditure is fully committed.

- 2.9** Following confirmation of the 2023/24 outturn, a review and re-alignment was undertaken of the Projects budget to reflect current and planned activity. The re-alignment is shown in Appendix 2.
- 2.10** It is projected that net expenditure on projects in 2024/25 will be £83,000 less than budget. This forecast is based on a full spend of project slippage from 2023/24. The forecast of expenditure on Projects is shown in Appendix 2.
- 2.11** Expenditure on both the core and projects budgets will be subject of ongoing review for the remainder of 2024/25. The Partnership's Reserves Policy will be applied when reviewing the year-end outturn.

Cash Flow

- 2.12** The Partnership maintains its bank account as part of the City of Edinburgh Council's group of bank accounts. Cash balances are managed by the Council and are offset by expenditure incurred by the City of Edinburgh Council on behalf of the Partnership.

An update of month-end balances is shown in the following table:

Date	Balance due to SEStran(+ve) /due by SEStran (-ve)
	£
30 April 2024	+ 727,711
31 May 2024	+ 620,534
30 June 2024	+ 662,946
31 July 2024	+ 833,285
31 August 2024	+ 794,158
30 September 2024	+ 718,140
31 October 2024	+ 1,437,366
30 November 2024	+ 1,229,406
31 December 2024	+ 444,115
31 January 2025	+ 1,885,721

- 2.13** Interest is charged/paid on the monthly indebtedness between the Council and the Partnership. Interest will be calculated in March 2025.
- 2.14** The positive cash balance at 31st January 2025 is attributable to funding received from Scottish Government grants, including the grant for 'People and Place Programme 2024/25'.

Reserves

- 2.15** The Board's Reserves Policy recommends establishment of an unallocated General Fund Reserve based on a minimum value of 5% (£45,000) of the Partnership's core revenue budget. At 1st April 2024, the Partnership has an unallocated General Fund Reserve of £135,000.

2.16 Based on the forecast of a balanced budget at 31st March 2025, the Partnership’s unallocated General Fund Reserve will remain at £135,000. This is 14% of the Core budget.

2.17 The Reserves Policy recommends that where slippage occurs on approved revenue projects, the balance of slippage is retained as an earmarked balance. Based on the Projects expenditure forecast £83,000 will be carried forward from 2024/25 to 2025/26. The actual carry forward will be confirmed at the financial year-end.

2.18 An update of Financial Risks for 2024/25 is included at Appendix 3.

3 Recommendations

It is recommended that the Partnership notes:

3.1 the forecast of a balanced Core revenue budget for 2024/25;

3.2 the forecast underspend on the Projects budget of £83,000 after future lease commitments are met. The actual underspend will be confirmed at the financial year-end and carried forward to 2025/26.

Richard Lloyd-Bithell

Treasurer

21st February 2025

Appendix Appendix 1 – Core Budget Statement at 31st January 2025

Appendix 2 – Projects Budget as at 31st January 2025

Contact iain.shaw@edinburgh.gov.uk

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

Core Budget 2024/25 – as at 31st January 2025

Appendix 1

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	499	416	425	512	13
National Insurance	57	48	47	57	0
Pension Fund	134	111	116	140	6
Recharges (to Projects)	0	0	0	(53)	(53)
Training & Conferences	10	8	2	5	(5)
Interviews & Advertising	2	2	0	0	(2)
	702	585	590	661	(41)
Premises Costs					
Office Accommodation	18	13	10	21	3
Transport					
Staff Travel	8	7	1	3	(5)
Supplies and Services					
Communications & Computing	48	40	32	47	(1)
Hosted Service - Novus FX	44	44	48	45	1
Printing, Stationery & General Office Supplies	7	6	6	7	0
Insurance	7	7	8	8	1
Equipment, Furniture & Materials, Miscellaneous	4	3	5	7	3
	110	100	99	114	4
Support Services					
Finance	31	0	0	31	0
Legal Services / HR	7	0	0	7	0
External Consultants	0	0	1	1	1
	38	0	1	39	1
Corporate & Democratic					
Clerks Fees	12	0	0	12	0
External Audit Fees	12	0	0	12	0
Members Allowances and Expenses	1	1	0	0	(1)
	25	1	0	24	(1)
Total Expenditure	901	706	701	862	(39)
Funding:					
Scottish Government Grant	(711)	(638)	(603)	(672)	39
Council Requisitions	(190)	(190)	(155)	(190)	0
Total Funding	(901)	(828)	(758)	(862)	39
Net Expenditure/ (Income)	0	(122)	(57)	0	0

Projects Budget 2024/25 - as at 31st January 2025

Appendix 2

	Approved Budget	2023/24 Under-spend	Future Lease costs	EU /Other Grant	Budget Realign ment	Net Expenditure Budget	Annual Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EU Projects (various)	0	(9)			9	0	0	0
Sustainable Travel	6	79			(60)	25	25	0
RTPI – System Maintenance	25	17		(15)	(27)	0	0	0
RTPI – Regional Framework	0			0	0	0	0	0
RTS Delivery Plan	18	(14)			16	20	20	0
Equalities Access to Healthcare	10	10			(15)	5	2	(3)
GO e-Bike	10	39				49	24	(25)
Thistle Assistance	30	2		(24)	(2)	6	6	0
Transport Appraisal	0	(14)			22	8	8	0
Active Travel Network	0	51	106		(48)	109	109	0
Projects Consultancy	11	2			9	22	22	0
Mobility as a Service	0	(36)			36	0	0	0
Bus Strategy Development	115	40		(115)	35	75	25	(50)
Regional EV Infrastructure		20			15	35	30	(5)
Freight Strategy					10	10	10	0
People & Places	5,326			(5,326)		0	0	0
Harpcat Horizon	100			(100)		0	0	0
Total	5,651	187	106	(5,580)	0	364	281	(83)

Risk Description	Mitigation and Controls
<p>Pay award The revenue budget made provision for a pay award of up to 3% in 2024/25. The Local Government pay award represents an increase on the budget provision.</p>	<p>The financial impact of the Local Government pay award is included in the forecast.</p>
<p>Inflation There is a risk that the indicative budget does not adequately cover price inflation and increasing demand for services.</p>	<p>Ongoing monitoring and review of all costs and forecasts during 2024/25.</p>
<p>Delays in payment of grant by external funding bodies Resulting in additional short-term borrowing costs.</p>	<p>Grant claims submitted timeously and in line with conditions of grant award.</p>
<p>Pension Fund Contributions A deficit on the staff pension fund could lead to increases in the employer's pension contribution.</p>	<p>Following Lothian Pension Fund's Triennial Actuarial Review in 2023, Partnership employer pension fund contribution rates are now confirmed at 26.8% until 31 March 2027.</p>
<p>Funding Reductions Reduction in funding from Scottish Government and/or council requisitions.</p> <p>There is a risk that current levels of staffing cannot be maintained due to funding constraints and that the Partnership will incur staff release costs.</p>	<p>Scottish Government grant and Council contributions are confirmed for 2024/25.</p> <p>Recruitment control and additional sources of external funding for activities aligned to the Partnership's objectives to supplement resources.</p>

Risk Register

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the Performance and Audit Committee with its quarterly update on SEStran's strategic risk register.

2. BACKGROUND

- 2.1 The Performance and Audit Committee, at its meeting in November 2021 approved the [SEStran Risk Management Framework Policy](#). This policy supports the management of the overall risk process within the organisation, including its governance arrangements.
- 2.3 The latest version of the risk register can be found at **Appendix 1** of this report.

3. MAIN REPORT

- 3.1. In previous updates to the Committee, reports have covered the organisation's Strategic Risk Register in its entirety. However, in its final report on the annual audit for 2023/24, Audit Scotland recommended that the format of future reports is revised to ensure that the report to the Committee focuses on the 3-5 key strategic risks.

- 3.2 As a result, this report focuses on the 3 main current strategic risks, based on the total risk scores shown in the strategic risk register, which is included as an appendix to the report:
- 1.1 Change to Regional Governance
 - 2.5 Sources of Additional Income
 - 2.6 Funding Reductions

3.3 A Potential Change to Transport Governance

Transport Scotland has announced a much needed initiative to review the split of roles and responsibilities and, therefore, funding, between national, regional and local government.

This presents both a risk and an opportunity to the Partnership, and to RTPs in general.

Transport Scotland is in the process of establishing an Officers' Group, which will report to the Cabinet Secretary for Transport. The Group will have members from Transport Scotland, CoSLA, SCOTS and the RTPs. The scope and timescales of the work have still to be confirmed.

The work should build on work previously undertaken but paused in 2023, including a report by Jacob's, and the revised version of 'Develop to Deliver' – a report outlining the potential role that RTPs could play if transport governance is optimised.

3.4 Sources of Additional Income

Overall, the Partnership's income has increased significantly in the year to date due to the introduction of the People and Place Plan which increased the budget by £5.326m. However other sources of governmental income have decreased this year:

- The main block grant reduced by 5% or £39k
- Usual active travel funding of c.£400k ceased
- Ad hoc project funding has been at a much lower level than in previous years

This wider reduction presents risks to the Partnership's ability to undertake work on the various strategies and projects that will be required to facilitate delivery of the Regional Transport Strategy. As a result, there is a pressing requirement to identify and secure alternative funding sources.

Capacity to do this is now in place with the recruitment of a Communications and Marketing Officer. This role will facilitate improved chances of securing funds from sources such as Innovate UK and Horizon Europe.

The Partnership has had some success in the current year, working jointly with UrbanTide to secure Connected Places Rural Accelerator Funding for a project aiming to improve options for travelling to healthcare in rural areas.

However failure to secure additional funding will continue to be a risk in future years, or until a more secure funding mechanism is put in place for RTPs – possibly as part of the review outlined in 3.3.

3.5 Funding Reductions

As outlined in 3.4, usual sources of funding have been at reduced levels this year. This has presented challenges, which have largely been mitigated, in funding the work programme for 2024/25. As a result, the risk for 2024/25 has been downgraded.

However the threat to funding continues, perhaps at a greater level, for 2025/26 given the financial constraints facing the Scottish Government.

Chiefly among these, the block grant, which was reduced by 5% could be further reduced. This follows more than a decade of standstill funding, which has resulted in a drastic reduction in real terms funding.

As a result, a new risk has been introduced for potential funding reduction for 2025/26.

3.6 People and Place Plan

Due to its size and scale, especially in relation to the Partnership's total budget, the People and Place Plan is considered 'strategic'.

However project risks are managed as part of the Project Lifecycle Management framework, which is scrutinised separately by the P&A Committee. As such they are considered outside the remit of this report.

4. RECOMMENDATIONS




- 4.1 The Committee are asked to comment on the contents of the report, and;
- 4.2 To note that a final version of the Risk Register will be referred to the Partnership Board for noting;





Angela Chambers
Business Manager




Appendix 1: SEStran Risk Register



Policy Implications	Policies have been reviewed and updated.
Financial Implications	As highlighted in the register.
Equalities Implications	None
Climate Change Implications	None




Risk Number	Risk Category	Risk Detail	Gross Risk Assessment				Planned Response/Mitigation	Net Risk Assessment				Risk After Mitigation	Date and Owner	Risk Appetite		Action Required
			Probability	Impact	Risk Score			Probability	Impact	Risk Score				Low	Med	
R001 1.1	Strategic	Regional Governance Transport Scotland review of regional transport governance arrangements could result in changes to functions of RTPs. This could present either a risk or an opportunity to SEStran.	4	4	16	High	The joint RTPs have submitted a refreshed Develop to Deliver report to TS. This report will also be submitted to Cosla. TS have now agreed to restart the review of regional governance and a group will be set up, including RTPs, Cosla and TS.	4	4	16	High	High Treat	Review at end of Dec-2024 June 2025 Partnership Director	Low	Med	↓
R001 1.2	Strategic	Regional Governance Lack of clarity on role of non statutory REP/ESES City Region Deal groupings	4	3	12	Medium	A Concordat has been established and is functioning effectively between SEStran and the ESESCR. This agreement commits both parties to collaborate openly and transparently to support land use planning and economic growth across the region. The benefits of this partnership are already evident, with the regional electric vehicle charging strategy and the RTS Delivery Plan development being two key examples. <i>The Partnership will continue to work with partners and stakeholders at Scottish and UK government levels to promote the benefits of regional partnership delivery.</i>	2	3	9	Medium	Medium Tolerate	Review at end of Dec 2025 Partnership Director	Low	Med	↔

<p>RO01 1.3</p>	<p>Strategic</p>	<p>Pandemic / Epidemic: Interruption of normal service/inability to deliver functions. Financial impact of crisis on sources of funding.</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>Adhere to Government restrictions, rules or guidance. Regular communication with Transport Scotland and constituent councils officials to guide any operational changes. Ensure that all staff are trained on the Business Continuity Plan, and that it is reviewed regularly. Maintain current functions that can be delivered within working guidance.</p> <p>Working from home arrangements now tried, tested and effective.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Medium</p> <p>Tolerate</p>	<p>Review at end of Dec-2024 June 2025</p> <p>Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>RO01 1.4</p>	<p>Strategic</p>	<p>Political/Govt Change There is a risk that a change in government could lead to changes to RTPs/Regional Governance</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>Continued engagement with all political parties and agencies. Partnership Director to offer meetings with MSP Transport Spokesperson from each scottish political party.</p> <p>Ensure dialogue on the Develop to Deliver report is prioritised</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Medium</p> <p>Tolerate</p>	<p>Review at end of Dec-2024 June 2025</p> <p>Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>RO02 2.0</p>	<p>Financial</p>	<p>Financial: Significant deviation from budgeted spend</p>	<p>2</p>	<p>Unlikely</p>	<p>3</p>	<p>Moderate</p>	<p>6</p>	<p>Low</p>	<p>The Financial Rules do not permit spending (whether revenue or capital) to exceed available budget. Budget and spend is monitored on a monthly basis by SEStran officers, using financial information provided by CEC through the Partnership's Financial Services Service Level Agreement with CEC and supported by qualified accounting staff of CEC. Action is taken by Partnership officers to develop alternative savings measures, including options for development of contingency arrangements, if required and subject to approval by the Partnership. The Partnership's Financial Rules require reporting of financial performances to the Partnership Board on a quarterly basis. Transport (Scotland) Act 2019 includes section on RTPs carrying reserves.</p>	<p>1</p>	<p>Remote</p>	<p>2</p>	<p>Minor</p>	<p>2</p>	<p>Low</p>	<p>Low</p> <p>Tolerate</p>	<p>December-2024- June 2025</p> <p>Partnership Director</p>	<p>Low</p>	<p>Med</p>	




<p>R002 2.1</p>	<p>Financial</p>	<p>The approved budget for 2024/25 makes provision for a pay award of up to 3%.</p>	<p>5</p>	<p>Highly Probable</p>	<p>3</p>	<p>Moderate</p>	<p>15</p>	<p>High</p> <p>Prudent planning assumption with ongoing monitoring of public sector pay negotiations.</p> <p>Ongoing monitoring and review of all costs and forecasts during 2024/25--Costs will be aligned with COSLA pay offer.</p> <p>Actual increase agreed is 3.6% - so impact on budget is £4000.</p> <p>The financial impact of the Local Government pay award is included in the 2024/25 forecast.</p>	<p>2</p>	<p>Unlikely</p>	<p>3</p>	<p>Moderate</p>	<p>6</p>	<p>Low</p>	<p>Medium</p> <p>Tolerate</p>	<p>December 2024 June 2025</p> <p>Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R002 2.2</p>	<p>Financial</p>	<p>Staff recharges - externally funded projects: The approved budget assumes that £4,000 of staff time can be recharged to Projects. There is a risk this may not be achievable.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p> <p>Any shortfall in employee cost recharges will be offset by a corresponding reduction in Projects Budget expenditure.</p> <p>Other funding sources will continue to be pursued.</p> <p>The forecast for 2024/25 includes employee recharges of £20,000.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Medium</p> <p>Tolerate</p>	<p>December 2024 June 2025</p> <p>Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R002 2.3</p>	<p>Financial</p>	<p>Inflation: There is a risk that the indicative budget does not adequately cover price inflation and increasing demand for services.</p>	<p>4</p>	<p>Probable</p>	<p>4</p>	<p>Major</p>	<p>16</p>	<p>High</p> <p>When setting the revenue budget, allowance was made for specific known price inflation. Budgets adjusted in line with current cost forecasts.</p> <p>Ongoing monitoring and review of all costs and forecasts during 2024/25.</p> <p>Risk revised down because inflation has been around government target over the year to date.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Medium</p> <p>Tolerate</p>	<p>December 2024 June 2025</p> <p>Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R002 2.4</p>	<p>Financial</p>	<p>Delays in payment of external grants results in additional short-term borrowing costs.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p> <p>SEStran grant claims for projects are submitted in compliance with grant funding requirements to ensure minimal delay in payment. Ongoing monitoring of cash flow is undertaken to manage exposure to additional short-term borrowing costs.</p> <p>Grant submission procedures in place, along with financial planning.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Medium</p> <p>Tolerate</p>	<p>December 2024 June 2025</p> <p>Partnership Director</p>	<p>Low</p>	<p>Med</p>	




<p>R002 2.5</p>	<p>Financial</p>	<p>Sources of additional income to the Partnership may become constrained in the current economic climate and/or due to changes in operating arrangements.</p>	<p>4</p>	<p>Probable</p>	<p>4</p>	<p>Major</p>	<p>16</p>	<p>High</p>	<p>Revenue budget for 2024/25 developed to take account of most likely level of external income. Continue to explore alternative funding options Lobby/bid for additional funds</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>Medium Treat</p>	<p>December 2024- June 2025 Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R002 2.6</p>	<p>Financial</p>	<p>Funding reductions: Future reductions in core funding from Scottish Government and/or council requisitions. This could result in difficulty in delivering statutory obligations/duties.</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>The Partnership will continue to source and develop external funding. Manage organisation in accordance with available funding but ability of organisation to deliver RTS objectives will inevitably be dictated by available funding. Engagement/advocating with SG/TS to maintain/increase funding Working with other RTPs to influence SG review of allocation of funding</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>Medium Tolerate</p>	<p>December 2024- June 2025 Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R002 2.7</p>	<p>Financial</p>	<p>The funding position of the staff pension fund could lead to increases in the employers pension contribution</p>	<p>4</p>	<p>Probable</p>	<p>3</p>	<p>Moderate</p>	<p>12</p>	<p>Medium</p>	<p>Following the Lothian Pension Fund Triennial Actuarial Review of 2020, Partnership contribution rates have been advised until 2023/24. Planning assumptions have been updated and included in the revenue budget 2023/24 and indicative budget for 2024/25 reported to the Partnership Board on 17th March 2023. The outcome of the Triennial Actuarial Review of 2023 will be included in the revenue budget for 2024/25. Following Lothian Pension Fund's Triennial Actuarial Review in 2023, Partnership employer pension fund contribution rates are now confirmed at 26.8% until 31 March 2027. Financial planning assumptions have been updated and included in the revenue budget proposed for 2025/26 and indicative budget for 2026/27 to be reported to the Partnership Board on 14th March 2025.</p>	<p>4</p>	<p>Probable</p>	<p>3</p>	<p>Moderate</p>	<p>12</p>	<p>Medium</p>	<p>Medium Tolerate</p>	<p>December 2024- June 2025 Partnership Director</p>	<p>Low</p>	<p>Med</p>	

<p>R002 2.8</p>	<p>Financial</p>	<p>Current staffing levels cannot be maintained due to funding constraints and the Partnership incurs staff release costs</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>The Partnership continues to seek additional sources of funding for activities aligned to the Partnership's objectives to supplement resources. Recruitment control measures in place. Additional resources can be managed through consultancy as required. People and Place Programme has increased financial flexibility.</p>	<p>2</p>	<p>Unlikely</p>	<p>4</p>	<p>Major</p>	<p>8</p>	<p>Medium</p>	<p>Medium Tolerate</p>	<p>December 2024 June 2025 Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R002 2.9</p>	<p>Financial</p>	<p>Funding/Grant Awards: The timing of some funding applications and grant awards do not align with the financial year, resulting in an inability to spend allocated funding within prescribed timescales</p>	<p>4</p>	<p>Probable</p>	<p>3</p>	<p>Moderate</p>	<p>12</p>	<p>Medium</p>	<p>As part of the ongoing business planning process the Partnership will continue to develop and introduce where appropriate a number of suitable on the shelf schemes Regular budget monitoring and reports to the Partnership Board.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Medium Treat</p>	<p>December 2024 June 2025 Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R003 3.0</p>	<p>Reputational</p>	<p>Project Management: Project incomplete or of poor quality Late Delivery</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>All project progress reported to the Projects Team monthly- and the P&A Committee quarterly. Management action taken as required.. Project and Strategy Delivery Oversight Subgroup of the P&A Committee set up with first meeting Feb 2025 to support P&A with its role in scrutinising project delivery.</p>	<p>2</p>	<p>Unlikely</p>	<p>3</p>	<p>Moderate</p>	<p>6</p>	<p>Low</p>	<p>Low Tolerate</p>	<p>Review at end Dec-2024June 2025 Programme Manager</p>	<p>Low</p>	<p>Med</p>	

<p>R003 3.1</p>	<p>Reputational</p>	<p>Reputation: Regard by the public and stakeholders. Negative or inaccurate media coverage leading to misrepresentation of SEStran position</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p> <p>Quick response to negative or inaccurate coverage.</p> <p>Proactive profile and reputation management via social media, website and press releases. Partnership staff and Board Members continue to promote and advocate activities via speaking, writing or wider networking Continue to work closely with regional partners</p> <p>Board members regularly updated on SEStran work successes and issues.</p> <p>Agreed approach to media position set out in Standing Orders.</p>	<p>2</p>	<p>Unlikely</p>	<p>3</p>	<p>Moderate</p>	<p>6</p>	<p>Low</p>	<p>Low</p> <p>Tolerate</p>	<p>Review at end of Dec-2024 June 2025</p> <p>Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R003 3.2</p>	<p>Reputational</p>	<p>Project Management: Potential insolvency of 3rd party supplier</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p> <p>Improved supplier viability checks before award, renewal or modification of contracts or grants to be introduced by January 2024.</p> <p>Individual risks and mitigations to be developed for any contract or grant over an agreed threshold.</p> <p>Where appropriate, Government frameworks will be utilised.</p> <p>Full review of procurement procedures to be carried out by is nearing completion by Legal Advisers. An updated set of Contract Standing Orders will be presented to the June meeting of the Partnership Board for approval. Legal Advisers to provide staff training on new procedures.</p>	<p>2</p>	<p>Unlikely</p>	<p>4</p>	<p>Major</p>	<p>8</p>	<p>Medium</p>	<p>Medium</p> <p>Treat</p>	<p>Review at end of Dec-2024 June 2025</p> <p>Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R005 5.0</p>	<p>External</p>	<p>Third party Service Level Agreements: Failure or inadequacy of service</p>	<p>2</p>	<p>Unlikely</p>	<p>2</p>	<p>Minor</p>	<p>4</p>	<p>Low</p> <p>Service Level Agreements in place for Financial Services, HR and Insurance services. Reviewed annually by senior officers. Subject to independent audit scrutiny. Action: Progress renewals of SLA's to secure continuity of services</p> <p>Cross RTP discussion exploring viability of introducing shared services</p>	<p>2</p>	<p>Unlikely</p>	<p>2</p>	<p>Minor</p>	<p>4</p>	<p>Low</p>	<p>Low</p> <p>Tolerate</p>	<p>Review at end of 20245</p> <p>Partnership Director</p>	<p>Low</p>	<p>Med</p>	

<p>R005 5.1</p>	<p>External</p>	<p>Contract Management: Failure to manage contracts leads to under performance and failure to obtain best value and delivery from contractual relationship.</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>Conditions of contract are being reviewed, including Contract Standing Orders and Procurement Strategy. This work will shape a new Procurement Manual which is being developed by Anderson Strathern. Ensure contract documentation sound and up to date. Apply adequate supervision to the contract. Business propriety/credit/analytic criteria to be written in to documentation. Contract management process to be included as part of full procurement review.</p>	<p>2</p>	<p>Unlikely</p>	<p>3</p>	<p>Moderate</p>	<p>6</p>	<p>Low</p>	<p>Low Tolerate</p>	<p>Review at end of Dec-2024June 2025 Partnership Director</p>	<p>Low</p>	<p>Med</p>	<p>↔</p>
<p>R005 5.2</p>	<p>External</p>	<p>Grants: Failure to adhere to grant conditions could result in grants being withheld or reclaimed, impacting the SEStran budget</p>	<p>4</p>	<p>Probable</p>	<p>4</p>	<p>Major</p>	<p>16</p>	<p>High</p>	<p>Develop processes to ensure that grant conditions are understood before application is submitted, that relevant team members are briefed on grant conditions, and that adequate controls are in place to ensure that all steps and approvals are documented. Procurement Manual in development with Anderson Strathern. Also refer to risk 2.9. Successful management of risk 5.2, reduces likelihood of risk 2.9</p>	<p>2</p>	<p>Unlikely</p>	<p>4</p>	<p>Major</p>	<p>8</p>	<p>Medium</p>	<p>Medium Treat</p>	<p>Review at end of Dec-2024June 2025 Partnership Director</p>	<p>Low</p>	<p>Med</p>	<p>↓</p>
<p>R006 6.0</p>	<p>Legal and Regulatory</p>	<p>Statutory Duties: Failure to adhere to duties described in legislation and related documentation</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>Regular monitoring and programming of statutory duties is undertaken by the Partnership Director, Senior Partnership Manager and Business Manager. Audited by third parties. Officers to carry out a review of compliance with PSED</p>	<p>2</p>	<p>Unlikely</p>	<p>4</p>	<p>Major</p>	<p>8</p>	<p>Medium</p>	<p>Treat</p>	<p>Review at end of Dec-2024June 2025 Partnership Director</p>	<p>Low</p>	<p>Low</p>	<p>↔</p>
<p>R007 7.0</p>	<p>Specific Operational</p>	<p>People and Place Plan: Funding changes result in programme not continuing regionally beyond 2024-25.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Engage regularly with Transport Scotland. Ensure outcomes and outputs from the programme delivery are captured to evidence efficacy of regional approach.</p>	<p>1</p>	<p>Remote</p>	<p>3</p>	<p>Moderate</p>	<p>3</p>	<p>Low</p>	<p>Low Tolerate</p>	<p>March 2025-September 2025 Programme Manager</p>	<p>Low</p>	<p>Med</p>	<p>↔</p>

<p>R008 8.0</p>	<p>System and Technology</p>	<p>Digital/IT: Server failure Comms failure Website breach Resulting in loss of service to business operations</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>Regular review of the Management Plan for Business Continuity. IT/Website maintained under contract. Both proactively managed by third parties. IT hardware/software/licences upgraded at regular intervals.</p> <p>Contracted IT consultants deliver IT services. Website contract includes security updates. Robust Information Security Policy in place with regular monitoring reports. GDPR compliant and Cyber Essentials Plus Accreditation maintained.</p>	<p>1</p>	<p>Remote</p>	<p>4</p>	<p>Major</p>	<p>4</p>	<p>Low</p>	<p>Low Tolerate</p>	<p>Ongoing Business Manager</p>	<p>Low</p>	<p>Med</p>	
<p>R009 9.0</p>	<p>People</p>	<p>HR: Non-compliance with employment and/or data privacy laws may result in poor reputation as an employer, difficulty in attracting skilled resource and greater probability of litigation and / or financial penalties</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>SLA in place until May 2025 with Falkirk Council to provide specialist HR advice as required and is under regular review. Legal advice is provided, when required, through a framework contract, which is in place until August 2027</p>	<p>1</p>	<p>Remote</p>	<p>3</p>	<p>Moderate</p>	<p>3</p>	<p>Low</p>	<p>Low Tolerate</p>	<p>Review at end Dec-2024 March 2025 Partnership Director</p>	<p>Low</p>	<p>Low</p>	
<p>R009 9.1</p>	<p>People</p>	<p>Inadequate measures in place to facilitate staff health, safety and well-being during contingency arrangements or future office arrangements.</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>Regular review of appropriate policies. Carry out appropriate assessments of office equipment and working arrangements, following landlords guidance in relation to access to the office. Risk Management Framework approved by P&A Committee. Liaise with HR Adviser, SG facilities team. Hybrid Working Policy implemented to facilitate transition arrangements to normal working arrangements.</p> <p>An ongoing risk remains for future pandemics and future widespread disease or other outbreaks. Measures will be adjusted in accordance with government advice.</p>	<p>2</p>	<p>Unlikely</p>	<p>3</p>	<p>Moderate</p>	<p>6</p>	<p>Low</p>	<p>Low Tolerate</p>	<p>Review at end Dec-2024 June 2025 Partnership Director (Subject to SG advice)</p>	<p>Low</p>	<p>Low</p>	

<p>R009 9.2</p>	<p>People</p>	<p>Inadequate measures in place to facilitate staff health, safety and well-being during working from home arrangements.</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>Appropriate policies are reviewed and updated. Risk assessments of staff personal home working arrangements have been completed and will be subject to regular review. Risk Management Framework approved-by P&A Committee. Business Continuity Plan reviewed. Liaise with HR Adviser. Review transition arrangements to normal working arrangements at appropriate time. Hybrid Working Policy implemented and working well. An ongoing risk remains for future pandemics and future widespread disease or other outbreaks. Measures will be adjusted in accordance with government advice and legislation.</p>	<p>2</p>	<p>Unlikely</p>	<p>3</p>	<p>Moderate</p>	<p>6</p>	<p>Low</p>	<p>Low Tolerate</p>	<p>Review at end Dec-2024 June 2025 Partnership Director (Subject to SG advice)</p>	<p>Low</p>	<p>Low</p>	
<p>R009 9.3</p>	<p>People</p>	<p>Loss of key personnel may lead to inability to deliver strategy and projects.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Recruitment strategy. Development of existing staff through performance appraisal. Staff training Specialist HR recruitment consultancy. Work programme will be monitored and redistributed as necessary. Recruitment exercise complete and full staff complement in place. by 20 Nov 2023.</p>	<p>3</p>	<p>Possible</p>	<p>1</p>	<p>Insignificant</p>	<p>3</p>	<p>Low</p>	<p>Low Tolerate</p>	<p>Review at end Dec-2024 June 2025 Partnership Director</p>	<p>Low</p>	<p>Low</p>	
<p>R009 9.4</p>	<p>People</p>	<p>Climate Change Staff are unable to access the office more frequently due to increase in adverse weather events.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Home working policy in place and procedures for inability to access the office outlined in the SEStran Business Continuity Plan (Jan 2024). Train team in BCP, and review regularly.</p>	<p>3</p>	<p>Possible</p>	<p>2</p>	<p>Minor</p>	<p>6</p>	<p>Low</p>	<p>Low Tolerate</p>	<p>Review at end Dec-2024 June 2025 Partnership Director</p>	<p>Low</p>	<p>Low</p>	

Risk Number	Risk Detail	Risk Category	Gross Risk Assessment			Planned Response/Mitigation	Net Risk Assessment			Risk After Mitigation/Appetite for Risk	Date and Owner									
			Probability	Impact	Risk Score		Probability	Impact	Risk Score			Low	Med							
	Restricted ability to undertake RTS re-write: Inadequate senior staff resourcing available due to continued absence of Partnership Director	Strategic	4	Probable	3	Moderate	12	Medium	Resolve absence as soon as possible and appoint external resources as required.	2	Unlikely	2	Minor	4	Low	Partnership Director appointed May 2019. Funds identified for RTS re-write	June 2019 CLOSED			
	Accommodation: Occupancy Agreement with SG due for renewal February 2019. SG may not renew and alternative premises required at market rates.	Financial	3	Possible	3	Moderate	9	Medium	A notice period of 12 months must be served by each party under the current occupancy agreement. Occupancy Agreement renewed until February 2022.	3	Possible	3	Moderate	9	Medium		June 2019 CLOSED			
	ECOMM: Agreement to commit to ECOMM on the basis of being cost neutral. Income depends on number of delegates attending conference.	Financial	3	Possible	3	Moderate	9	Medium	SEStran withdrew offer to host ECOMM due to uncertainty over Brexit and subsequent impact on attendance at the conference.	3	Possible	2	Minor	6	Low		June 2019 CLOSED			
	Following the outcome of the EU Referendum, the Partnership is unable to access EU funding.	Financial	5	Highly Probable	3	Moderate	15	High	The Partnership continues to seek alternative funding sources to progress knowledge exchange/transfer.	4	Probable	3	Moderate	12	Medium	Medium Tolerate: Adapt expenditure accordingly. Currently involved in 5 EU projects, the completion of which are underwritten by the UK Treasury.	June 2021 CLOSED			
	Governance: Succession Planning Business Continuity	Governance	3	Possible	3	Moderate	9	Medium	Governance Scheme contains adequate provision to deal with senior officer absence. Staff structure and Business Continuity Plan in place. Senior Partnership Manager appointed.	2	Unlikely	2	Minor	4	Low	Low Tolerate	CLOSED Partnership Director			
	Policy Appraisal: Poor Quality Lack of consultation	Strategic	1	Remote	3	Moderate	3	Low	Advised by Government of relevant policy changes and Partnership Director and Officers regularly looking out for further policies and responding accordingly. Consultative forums also enable greater visibility and integration of local policies into regional strategy. Make full use of online consultancy options.	1	Remote	2	Minor	2	Low	Low. Partnership staff also continue to monitor their networks for relevant policy discussions. Draft RTS approved for statutory consultation. Tolerate	CLOSED Partnership Director	Low	Med	↔
	Regional Transport Strategy: Introduction of new RTS. Delay in approval by ministers. Delayed introduction of the new strategy.	Strategic	3	Possible	2	Minor	6	Low	Regular comms with Transport Scotland at all stages in the development of the RTS.	1	Remote	2	Minor	2	Low	Low Tolerate	28 March 2023 Jim Stewart CLOSED	Low	Med	↔
	Newly Appointed Board. Risk of lack of continuity and loss of expertise due to high turnover in members for the new term of office.	Governance	3	Possible	3	Moderate	9	Medium	Ensure that full training and support is provided to the new Board in 2022 to enable strategic decisions to be made. A Regular schedule of meetings of the Succession Planning Committee.	2	Unlikely	2	Minor	4	Low	Low Skills audit will identify future training requirements. Option to appoint Board Observers to supplement areas of expertise. Partnership Director 1:1 meetings with Board Members. Tolerate	Ongoing Partnership Director CLOSED	Low	Med	↔
	Other Funding Sources: Reduced access to EU project funding and lack of replacement funding from UK Government	Financial	5	Highly Probable	3	Moderate	15	High	The Partnership has sought to engage in as many relevant EU projects and funds as it can whilst UK authorities are allowed to access these funds. This should mitigate the short-term impact of any EU Exit negotiated and implemented. The Partnership has a proven track record in securing funding for relevant projects from the UK and other partners. It is anticipated that this will continue. Horizon projects being pursued.	5	Highly Probable	2	Minor	10	Medium	Medium: The risk remains as there is significant uncertainty around the immediate and medium (3-5 year) horizon for access to funds. Other funding applications will be made when available. There has been no confirmation from UK Government on participation in EU funded programmes, like Horizon. Advocate for access to UK replacement funds. Explore further ongoing calls for Horizon programme when available. Treat	CLOSED Partnership Director	Low	Med	↓

Risk Description and Impacts Table

Ref	Type of Risk	Description	Impact
R001	Strategic	Inability to design and / or implement a strategic plan or strategy for SEStran.	Lack of clarity regarding future direction and structure of SEStran impacting quality and alignment of strategic decisions
R002	Financial	Inability to perform financial planning; deliver an annual balanced budget; manage cash flows; and confirm ongoing adequacy of reserves	SEStran is unable to continue to deliver in line with strategic objectives; inability to meet financial targets; adverse external audit opinion; adverse reputational consequences
R003	Reputational	Adverse publicity because of decisions taken and / or inappropriate provision of sensitive strategic, commercial and / or operational information to external parties	Significant adverse impact to SEStran's reputation in the public domain
R004	Governance	Inability of management and members to effectively manage and scrutinise performance, and take appropriate strategic, financial and operational decisions	Poor performance is not identified, and decisions are not aligned with strategic direction
R005	External	Inability to effectively manage SEStran's most significant supplier and partnership relationships	Inability to deliver strategy and major projects within budget and achieve best value
R006	Legal / regulatory	Delivery of services and decisions are not aligned with applicable legal and regulatory requirements	Regulatory censure and penalties; legal claims; financial consequences
R007	Specific Operational	Inability to deliver projects and programmes effectively, on time and within budget	Inability to deliver projects; achieve service improvements; and deliver savings targets
R008	System and technology	Potential failure of cyber defences; network security; application security; and physical security and operational arrangements	Inability to use systems to support services; loss of data and information; regulatory and legislative breaches; and reputational consequences
R009	People	Employees and / or citizens suffer unnecessary injury and / or harm	Legal; financial; and reputational consequences
R010	New Project Income	Inability to attract new projects to fill the funding gap left by diminishing EU projects/Brexit	Inadequate funding streams and lack of innovation.

Risk Impact

Likelihood		Severity		Risk Score	
1	Remote	1	Insignificant	1	Low Risk
2	Unlikely	2	Minor	2	
3	Possible	3	Moderate	3	
4	Probable	4	Major	4	
5	Highly Probable	5	Catastrophic	5	
				6	Medium Risk
				8	
				9	
				10	
				12	High Risk
				15	
				16	
				20	
				25	

At Risk
Strategic
Financial
Reputational
System and Technology
Governance
Specific Operational
External
Legal and Regulatory
People
New Project Income

Impact				
Descriptor	Score	Health and Safety Impact	Impact on Service and Reputation	Financial Impact
Insignificant	1	No injury or no apparent injury.	No impact on service or reputation. Complaint unlikely, litigation risk remote.	Loss/costs up to £5000.
Minor	2	Minor injury (First Aid on Site)	Slight impact on service and/or reputation. Complaint possible. Litigation possible.	Loss/costs between £5000 and £50,000.
Moderate	3	Reportable injury	Some service disruption. Potential for adverse publicity, avoidable with careful handling. Complaint expected. Litigation probable.	Loss/costs between £50,000 and £500,000
Major	4	Major injury (reportable) or permanent incapacity	Service disrupted. Adverse publicity not avoidable (local media). Complaint expected. Litigation expected.	Loss/costs between £500,000 and £5,000,000.
Catastrophic	5	Death	Service interrupted for significant time. Adverse publicity not avoidable (national media interest.) Major litigation expected. Resignation of senior management/directors.	Theft/loss over £5,000,000

Likelihood		
Descriptor	Score	Example
Remote	1	May only occur in exceptional circumstances.
Unlikely	2	Expected to occur in a few circumstances.
Possible	3	Expected to occur in some circumstances.
Probable	4	Expected to occur in many circumstances.
Highly Probable	5	Expected to occur frequently and in most circumstances.

Impact					
Impact	5	10	15	20	25
Catastrophic	5	10	15	20	25
Major	4	8	12	16	20
Moderate	3	6	9	12	15
Minor	2	4	6	8	10
Insignificant	1	2	3	4	5
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

Risk Appetite

Risk Rating	Net Risk Assessment	Risk Appetite Response
High	15-25	Unacceptable level of risk exposure which requires action to be taken urgently.
Medium	7-14	Acceptable level of risk but one which requires action and active monitoring to ensure risk exposure is reduced
Low	1-6	Acceptable level of risk based on the operation of normal controls. In some cases, it may be acceptable for no mitigating action to be taken.

Risk Response

There are four categories of risk response:

Terminate: risk avoidance – where the proposed activity is outwith the current risk appetite level;

Treat: risk reduction – where proactive action is taken to reduce the likelihood or impact of an event occurring or limiting the consequences should it occur

Transfer: risk transfer – where the liability for the consequences is transferred to an external organisation in full or part (e.g. insurance cover)

Tolerate: where certain risks are accepted

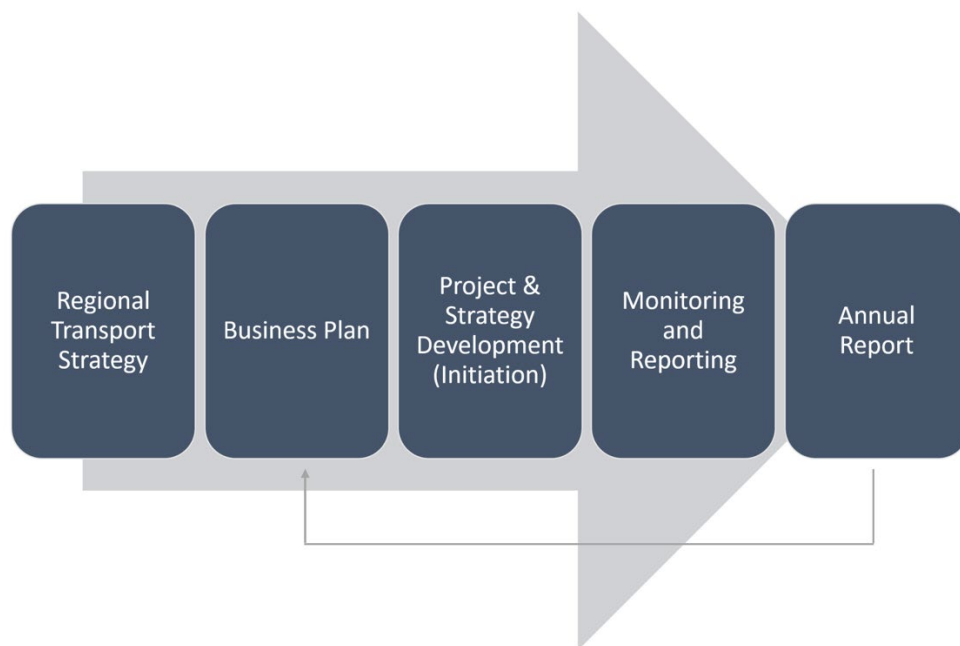
Risk Appetite Target Scores

Risk Description	From	To	Commentary
Strategic	Low	Medium	SEStran has a low to medium appetite in relation to its strategic risks and aims to ensure effective delivery of its commitments in line with agreed timescales. Strategic delivery is monitored through ongoing reporting processes and governance processes.
Financial	Low	Medium	SEStran has a low to medium appetite in relation to financial risk and may be prepared to accept some risk, subject to: <ul style="list-style-type: none"> · setting and achieving an annual balanced revenue budget, in line with legislative requirements · maintaining an unallocated general reserve fund, in line with legislative requirements Financial risk is set out in SEStran's Governance Scheme.
Reputational	Low	Medium	SEStran is prepared to tolerate a low to medium level of occasional isolated reputational damage. Media response protocols are set out in the Governance Scheme.
System and Technology	Low	Medium	SEStran has a low to medium appetite in relation to system and technology risk. The risk appetite will vary depending on the nature, significance and criticality of systems used, and the services they support. Risks are managed through ongoing use of inbuilt technology, security controls, encryption, data loss prevention, firewalls and vulnerability scanning, plus a range of security protocols and procedures. SEStran has achieved Cyber Essentials Plus accreditation.
Governance	Low	Low	SEStran has a low appetite in relation to governance and decision making. The partnership's governance arrangements are detailed in the Governance Scheme. No officer or member may knowingly take or recommend decisions or actions which breach legislation.
Specific Operational	Low	Medium	SEStran has a low to medium appetite in relation to specific operational risks. The Partnership Director and Management Team are expected to design, implement and maintain appropriate programme, project management and governance controls to manage these risks.
External (Suppliers/contractors/partnerships)	Low	Medium	SEStran has a low to medium appetite in relation to external risks. The appetite will vary depending on the criticality of the service or third-party support. SEStran has an established procurement process, supported by the Contract Standing Orders and use of Public Contract Scotland frameworks.
Legal and Regulatory	Low	Low	SEStran aims to fully comply with all applicable regulatory and legislative requirements. No officer or member may knowingly take or recommend decisions or actions which breach the law.
People	Low	Low	SEStran recognises that accidents can occur because of unknown and/or unplanned events and has an appetite to fully comply with all relevant health and safety requirements to minimise any health and safety risks that could potentially result in loss of life or injury.
New Project Income	Medium	High	SEStran has a medium to high appetite in relation to attracting new projects to enable innovation and attract new funding streams. SEStran has an established procurement process, supported by the Contract Standing Orders and use of Public Contract Scotland frameworks. Financial risk is set out in SEStran's Governance Scheme.

SEStran Business Plan 2025/26

1 INTRODUCTION

- 1.1 This report informs the Committee on the new and ongoing work SEStran officers plan to deliver in the year 2025/26, as well as a direction for these projects in the medium term.
- 1.2 As well as highlighting individual projects as distinct pieces of work, officers have put particular focus on showing how projects are linked to provide a greater impact on regional transport than the sum of their parts.
- 1.3 The business planning process provides an end-to-end view of work to deliver the Regional Transport Strategy by ensuring that RTS objectives are aligned with actions through a detailed planning and project management process which incorporates integrated budget tracking. This work is reported annually with the publication of the Partnership’s annual report.
- 1.4 The process includes enhanced issue and risk monitoring and reporting, with quarterly reviews by the newly incorporated Performance and Audit Strategy and Delivery Oversight Group (PaSDOS) reporting to the P&A Committee and the Partnership Board. Additionally, new projects, funding, and contracts will be incorporated as approved.
- 1.5 A project lifecycle management approach is now in place that oversees the entire process from project and strategy initiation to completion, ensuring continuous improvement and alignment with strategic goals.



2 DRAFT BUSINESS PLAN 2025/26

2.1 The planned work for 2025/26 has been grouped into five themes (below) that align with RTS Objectives:

- **Behaviour Change:** Informing and engaging the public in active and sustainable transport
- **Integrated Networks:** Working for effective movement of people and freight across South East Scotland
- **Strategy Development:** Realising the vision, objectives, policies and actions of the Regional Transport Strategy
- **Innovation:** Future-proofing our efforts as transport develops and changes in our region
- **Accessibility and Safety:** Advocating for and working towards access and safety for all

2.2 The Business Plan is presented in a Miro Board, an online platform officers have used to make the projects easy to develop, connect and share with others. (see pictorial example in Appendix 1.)

2.3 Miro Boards improve productivity, creativity, and efficiency in business planning by providing a dynamic and interactive platform for team collaboration.

3. KEY ISSUES AND FUNDING

3.1 Securing funding remains a challenge, leading to significant uncertainty regarding the roadmap outlined in the Business Plan. We are actively engaging with Transport Scotland and potential funding organisations to establish sustainable, multi-year funding solutions. This approach aims to mitigate uncertainty and support long-term planning and stability.

3.2 The draft budget for the plan period will be presented to this P&A for review and to the upcoming Partnership Board in March. The 2025/26 budget will be finalised in the usual way following production of the final accounts and approved by the Partnership Board meeting in June 2025.

3.3 Any underspend that is approved in the final accounts for 2024/25 will be added to the budget for 2025/26 and can be used to deliver Business Plan activity.

3.4 The Partnership will continue to explore opportunities for new projects that support delivery of the RTS

4 RECOMMENDATIONS

The Committee is asked to:

- a) Review the themes and core activity of the business plan on the Miro Board presented at the meeting
- b) Note the activity planned by officers and give feedback

- c) Approve progress of the draft plan for presentation to the Partnership Board in March for discussion

Keith Fiskin

Senior Partnership Manager

28th February 2025

Policy Implications	Outlined project work contributes to the objectives identified within the SEStran Regional Transport Strategy.
Financial Implications	Projects and strategy work will be delivered within SEStran's existing budget or through grants like People and Place. Where funding is not guaranteed, this has been highlighted within the plan.
Equalities Implications	There are no adverse equalities implications arising from SEStran projects. Several projects actively work to reduce inequalities.
Climate Change Implications	There are no negative climate change implications arising from SEStran projects. Several projects actively work to tackle climate change through the creation of, or support for more sustainable transport options.

Appendix 1. Examples of 2025/26 Plan

24/25
25/26
Future work (likely 26-28)

Behaviour Change

Milestones by Quarter				
	Q1 milestones	Q2 milestones	Q3 milestones	Q4 milestones
<p>People and Place</p> <p>New grant programme for SEStran in 24/25 supporting active travel behaviour change</p> <p>£5.3 million funding for local authorities and third party organisations (inc. internal costs)</p> <p>Community fund ran by Paths for All in 24/25 (CTF) transitioning to SEStran in 25/26</p> <p>Funding covers 4 key themes:</p> <ul style="list-style-type: none"> Schools & Young People Workplaces Accessibility & Inclusion Capacity & Capability <p>This is in line with the RTS ambition to reduce car kilometres by:</p> <ul style="list-style-type: none"> Switching modes to walk, wheel, cycle or use public transport where feasible 				
<p>E-Scooters</p> <p>Consider the introduction of the RTS, but there has been uncertainty as to what Government will do in relation to this. We have now moved from a more of an exploratory phase with some research, to an end-to-end review of the current market.</p>				

The People and Place Delivery Plan covers future delivery of the programme (subject to availability of funding) and is designed to be a living document that is reviewed and adapted each year. The full delivery plan can be accessed here: <https://sestran.gov.uk/wp-content/uploads/2024/12/People-and-Place-Delivery-Plan.pdf>

As evaluation and review of the programme is carried out, from 24/25 onwards, SEStran will develop an evidence base for what is working well across the region. This will inform the plan into future years.

We will continue to follow DfT and TfS movements in this space, as well as shaping out future direction on the back of our findings in this project.

Desk based research would provide outputs for future trials and implementation.

24/25
25/26
Future work (likely 26-28)

Strategy Development

Milestones by Quarter				
	Q1 milestones	Q2 milestones	Q3 milestones	Q4 milestones
<p>Regional Bus Strategy</p> <p>In 24/25, we commissioned SYSTRAN and Statmco to help us prepare a Regional Bus Strategy. The production of this strategy is a key action from the RTS.</p> <p>This year, we have delivered a case for change, with strategy and budget to appraise options for direction.</p>				
<p>Regional Transport Strategy Delivery Plan</p> <p>Aroundside the City Region Desk, we have worked with transport and economic development colleagues from our local authorities, to create a long list of their projects and activities, including those in a starting position to highlight projects that can be connected across the region or that have high operability.</p>				
<p>SEStran at Twenty: A vision for the future</p> <p>New project celebrating twenty years of RTPs and looking to the future in our region</p>				
<p>Freight Strategy - next steps</p> <p>Developed Horizon FUSION proposal with European consortium - this was unsuccessful but did improve knowledge and engagement.</p> <p>SEStran Freight strategy work has supported Green Freight Consortium with business case development for freight to Africa rail line.</p>				
<p>Rail Strategy</p> <p>Policy leadership for the region</p> <p>Strategic rail strategy for the region</p> <p>High speed rail strategy for the region</p> <p>Aligning strategy between PTS and other rail sector as we find it in 2025 - get projects into the RTSDP</p> <p>Build on work done via the Regional Rail Group with Transport Committee (TCOC), Network Rail and Transport Scotland</p> <p>Support station development in the region as well as high speed rail</p> <p>Support motor rail targets for freight</p>				

We will be led by the RBS findings but would expect to undertake actions from the strategy via its roadmap.

Once established, the list of deliverable projects could inform focuses of our work, like strategy development, and help shape funding bids we lead or to which we contribute.

This is a standalone year of activity. With that said, we hope that increased engagement and new relationships will contribute to future work.

How to say 'we don't know until we do it?'

Continue rail strategy?

CONTRACT REGISTER

1 INTRODUCTION

- 1.1 This report presents the Partnership's contract register to the Committee for review in line with a commitment to transparency in procurement.

2 REPORTING REQUIREMENTS

- 2.1 As per the Contract Standing Orders, The Partnership Director will arrange for all contracts accepted with an estimated value exceeding £50,000 or such lower amount as agreed with the Partnership Director to be publicly displayed on the Partnership's externally facing website. This will be in the form of a Register of Contracts awarded and will contain the following information:

- the date the contract was awarded;
- the name of the contractor(s) the contract has been awarded to;
- the subject matter of the contract;
- the estimated value of the contract;
- the start date of the contract;
- the end date of the contract (excluding contract extensions). If the date is not provided, a description of the circumstances when the contract will end; and
- the duration of any contract extension periods.

Information can be withheld if disclosing information would: impede law enforcement; be contrary to public interest; prejudice commercial interests of any person; or prejudice fair competition between suppliers.

- 2.2 In addition to this, the Performance and Audit Committee has the following powers that relate to procurement:

- To scrutinise any matter relating to the Partnership having regard to the Partnership's responsibility for Best Value and continuous improvement.
- Reviewing with management the adequacy of the following matters:-
 - internal control systems;
 - policies and practices to ensure compliance with relevant statutes, directions, guidance and policies;
 - financial information presented to the Partnership;
 - risk assessment arrangements and procedures.

3 CONTRACT REGISTER

- 3.1 An extract from the contract register showing all contracts that are currently live, or have been live in 24/25, that are over the value of £50,000 is shown at Appendix 1.
- 3.2 There are 9 contracts on the register, to a total value of £1,459,236. Members should note that some of these contracts run over multiple years, and so not all of this expenditure will be incurred in 24/25.

3.3 All contracts noted on the contract register have been awarded in line with SEStran's Contract Standing Orders.

4 RECOMMENDATIONS

4.1 The Committee is asked to review and note the Contract Register as attached at Appendix 1

Michael Melton
Programme Manager
28th February 2025

Appendix 1: SEStran Contract Register Extract

Policy Implications	There is no policy implication arising from this report.
Financial Implications	There is no financial implication arising from this report.
Equalities Implications	There are no adverse equalities implications arising from this report.
Climate Change Implications	There are no negative climate change implications arising from this report.

Date Awarded	SEStran Contract Ref	Name of contractor	Subject matter	Est Contract Value (exc VAT)	Contract Start Date	Contract End Date	If no end date, now will the contract end	Duration of any extensions
01/04/2022	SEStran Novus FX Contract	Trapeze	RPTI	£147,400.00	01/04/2022	31/03/2025		
11/11/2022	SEStran-22/23-04P	Vivacity	Multi-modal Transport Monitoring Sensors/Cameras	£213,614.00	11/11/2022	31/05/2029	5 years from installation date (May 2024)	
02/03/2023	SEStran-22/23-01A	One StopIT	IT services	£95,984.16	02/03/2023	02/03/2027		
10/05/2023	SEStran-23/24-01P	Ember	Go SEStran - Delivery of Enable platform services.	£200,000.00	10/05/2023	31/03/2025		3 x 4 month extensions from 31/03/2024 to 31/03/2025
21/06/2023	SEStran-23/24-02P EV Positioning Statement & Strategy	Urban Foresight	Electric Vehicle Strategy - Consultancy Support	£25,000.00	21/06/2023	31/03/2025		12 month extension to 31/03/2025
08/08/2023	SEStran 24/25 - SEStran Strategic Network - Stages 1-2	Arup	SEStran Strategic Network - Consultancy Design Support	£484,249.08	08/08/2023	31/01/2027		
15/12/2023	SEStran 23/34 03P	Brompton Bike Hire Ltd	Folding bike hire stations	£113,564.00	15/12/2023	15/12/2028		
02/02/2024	Regional Bus Strategy SEStran/RBS/Systra01	Systra	Regional Bus Strategy- Consultancy support	£126,923.09	02/02/2024	n/a	On completion of Regional Bus Strategy	
31/05/2024	SEStran 24/25 - 01P	Jacobs	People and Place - Consultancy support	£52,501.80	31/05/2024	31/03/2025		