

PERFORMANCE & AUDIT COMMITTEE**Dean of Guild Courtroom, City Chambers, Edinburgh, EH1 1YJ****Or Microsoft Teams****Friday 11th September 2026 – 1:00pm**

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Democracy and Governance,
Chief Executive's Office,
The City of Edinburgh Council
Waverley Court 2.1
Edinburgh
EH8 8BG

Telephone: 0131 529 4239 or E-mail: Agendas and papers for all SEStran meetings can be accessed on www.sestran.gov.uk

PERFORMANCE AND AUDIT COMMITTEE

**Dean of Guild Court Room, City Chambers, Edinburgh
on Friday 5 June 2026
1.00pm**

PRESENT:	<u>Name</u>	<u>Organisation Title</u>
	Councillor Russell Imrie (Chair)	Midlothian Council
	Councillor Tom Conn	West Lothian Council
	Councillor Paul Garner	Falkirk Council
	Councillor Stephen Jenkinson	The City of Edinburgh Council
	Councillor Scott Harrison	Clackmannanshire Council
	Councillor Jenny Linehan	Scottish Borders Council
	Simon Hindshaw	Non-Councillor Member
IN ATTENDANCE:	<u>Name</u>	<u>Organisation Title</u>
	Brian Butler	SEStran
	Rebecca Duncan	SEStran
	Michael Melton	SEStran
	Christopher Gardner	Audit Scotland
	Richard Lloyd-Bithell	The City of Edinburgh Council
	Colin McCurley	The City of Edinburgh Council
	Andrew Rose (Clerk)	The City of Edinburgh Council
	Nandana Silva	The City of Edinburgh Council
	Tom Stokes	The City of Edinburgh Council

1. ORDER OF BUSINESS

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

2. APOLOGIES

Apologies were submitted on behalf of Councillor Glen and Callum Hay.

3. DECLARATION OF INTERESTS

There were none.

4. MINUTES

(a) To approve the minute of the Performance and Audit Committee of 27 February 2026, and

(b) To note that the minute of the Project and Strategy Delivery Oversight Sub-Group of 24 April 2026 would be circulated following the meeting.

FINANCE REPORTS**(a) Updated Annual Accounts 2025-26 and Treasury Management**

The Committee received a report by the Treasurer presenting the Annual Accounts, attached at Appendix 1 to the report, in accordance with the Local Authority Accounts (Scotland) Regulations 2014 and advising that the accounts are subject to audit and that the audited accounts, together with the Auditor's report, would be presented to the Committee in due course.

There was also presented the Treasurer's opinion on the effectiveness of the Partnership's system of internal financial control, as detailed within pages 12 to 14 of the Annual Governance Statement. The Treasurer's opinion was reported as being that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system.

During the presentation to the Committee of his report, the Treasurer wished to express his gratitude to audit partners and officers at the City of Edinburgh Council for their efforts in preparing the Annual Accounts.

Decision

- (1) That the unaudited annual accounts for 2025/26 be noted and referred to the Partnership Board for review;
- (2) That the annual Treasury Management report for 2025/26 be noted, and
- (3) That it be noted that the audited annual accounts, incorporating the Auditor's report, will be presented to the Performance and Audit Committee and the Partnership Board in due course.

(b) Revenue Budget 2026-27

The Committee received a report by the Treasurer presenting an update on the Partnership's budget for 2026/27, which had been agreed by the Board at its meeting held on 13 March 2026. The report set out some proposed revisions to the approved budget following confirmation of Scottish Government funding for 2026/27. The revised budget would be presented to the Board at its meeting to be held on 19 June 2026.

Decision

1. That the proposed revised core budget of £1,053,000 for 2026/27, as detailed at Appendix 1 to the report, be noted;

2. That the proposed People and Place: Transport to Employment and the Workforce Mobility Project budgets for 2026/27, as detailed at Appendix 2 to the report, be noted, and
3. That it be noted that the proposed revised budget for 2026/27 will be referred to the Partnership Board meeting on 19 June 2026 for final decision.

6. INTERNAL AUDIT PLAN 2026/27

The Committee received a report from the Head of Internal Audit, City of Edinburgh Council, providing details of the outcomes of the 2025/26 SEStran Internal Audit review of Project Management, as well as to provide an update on progress with the completion of actions agreed as part of previous audits, and requested the Committee's input on potential areas for inclusion in the planned 2026/27 audit.

Decision

1. That the outcomes of the 2025/26 Internal Audit review of Project Management, including Internal Audit findings and recommendations, and agreed management actions and implementation dates, be noted, and
2. That the progress with completion of management actions from previous audits be noted.

7. RISK MANAGEMENT FRAMEWORK

The Committee received a report by the Business Manager which provided quarterly update on SEStran's corporate risk register. The report also informed the Committee that the Risk Register will be subject to a comprehensive review in response to the Internal Audit findings. As part of this process, the register will be refreshed and rebuilt from first principles to ensure it remains robust, transparent and aligned with current organisational priorities.

Discussion took place on the Risk Register review and the Partnership Director explained how long it had been since the last review, and that, going forward the Register would be reviewed annually.

Decision

1. That it be noted that a revised and updated Risk Register would be presented to a future Committee, and
2. That it be noted that the Corporate Risk Register would be presented to the 19 June 2026 Partnership Board meeting for noting.

8. PROJECTS AND STRATEGY UPDATE PAPER

The Committee received a report by the Programme Manager which provided an update on the performance of the Partnership's Strategy and Project workstreams in Quarter 4 of 2025/26 and noted that an earlier version of this report had been presented to the Project and Strategy Delivery Oversight Subgroup at its last meeting in April 2026.

Decided

That the contents of the report be noted.

9. PASDOS AND FUTURE REPORTING

The Committee received a report by the Programme Manager providing an update on discussions around the future role of the Project and Strategy Delivery Oversight Subgroup (PaSDOS) and future reporting resulting from this and the 2026/27 Business Plan, namely that (a) the scrutiny/audit function of existing projects to be passed back to this Committee, (b) PaSDOS will report to the Board and provide advice and guidance on project delivery alignment with overall strategy, (c) a core role will be to support development of the Business Plan for the next year and evaluation of the previous year's Business Plan, (d) the group will continue to support ongoing project development with meetings focusing on specific projects, (e) the group will set a 'work plan' for the year based on the milestones within the Business Plan, and (f) membership will look to increase to up to seven with an ongoing focus on the right skills mix to support the role of the Committee.

Decision

1. That the proposed changes as set out in Section 2 of the report, subject to approval from the Partnership Board, be approved, and
2. That the content of sections 3 and 4 of the report be noted.

10. HR POLICY REVIEW REPORT

The Committee received a report by the Business Manager providing an update on the annual HR policy review and advising that three policies were identified as requiring minor updates, namely (a) Family Leave Policy, (b) Sexual Harassment Policy, and (c) Travel and Assistance Policy. The report provided a summary of the proposed changes to these policies.

In addition, it was highlighted that the Anti-Bribery Policy was currently under review by the partnership's legal advisers.

Decided

1. That the changes as detailed in the report to the Family Leave Policy, Sexual Harassment Policy, and the Travel and Assistance Policy be approved, and
2. That it be noted that the Anti-Bribery Policy was currently under review and would be presented to the next meeting for approval.

11. DATE OF NEXT MEETING

11 September 2026.

External Auditor Annual report 2025-2026

1. Introduction

- 1.1 The Independent Auditor's Annual Report summarises the findings arising from the Partnership's 2025/26 external audit.

2. Main Report

- 2.1 The unaudited Annual Accounts were noted by the Partnership at its meeting on 19th June 2026 and submitted to the appointed external auditor – Audit Scotland.

- 2.2 Audit work on the 2025/26 annual accounts is completed.

- 2.3 The Proposed 2025/26 Annual Audit Report is appended along with the proposed Independent Auditor's Report and Letter of Representation.

- 2.4 The key messages are noted on page three of the Annual Audit Report. The key messages are:

- 2.4.1 all audit opinions stated that the annual accounts were free from material misstatement;

- 2.4.2 Audit Scotland reported no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the Partnership;

- 2.4.3 The Partnership has appropriate arrangements in place for securing financial sustainability. It has developed longer-term financial plans and forecasts balanced budgets until 2028/29.

- 2.4.4 The performance information reported within the annual accounts should be improved by developing and reporting a suite of meaningful performance indicators and associated targets.

3 Recommendations

- 3.1 It is recommended that the Performance and Audit Committee note the Proposed Annual Audit Report.

Appendix

1. Proposed 2025/26 Annual Audit Report
2. Proposed Independent Auditor's Report and Letter of Representation

Contact

Thomas.Stokes@edinburgh.gov.uk

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

South East Scotland Transport Partnership

2025/26 Annual Audit Report



Prepared for SEStran and the Controller of Audit
September 2026

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Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Summary of audit opinions and conclusions

Audit of the annual accounts

- 1 All audit opinions stated that the annual accounts were free from material misstatement.
- 2 There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by SEStran.

Financial Sustainability and Best Value audit

- 3 SEStran has appropriate arrangements in place for securing financial sustainability. It has developed longer-term financial plans and forecasts balanced budgets until 2028/29.
 - 4 The performance information reported within the annual accounts should be improved by developing and reporting a suite of meaningful performance indicators and associated targets.
-

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2025/26 audit of South East Scotland Transport Partnership's annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to South East Scotland Transport Partnership, hereafter referred to as 'SEStran' or 'the partnership' and the Controller of Audit, and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. Christopher Gardner, of Audit Scotland, has been appointed as external auditor of SEStran for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, the appointed auditor and the audit team are independent of SEStran in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from SEStran, including no provision of non-audit services.

Acknowledgements

4. We would like to thank SEStran and its staff, particularly those involved in the preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope, responsibilities, and fee

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Concluding on the financial sustainability of SEStran and a review of the Annual Governance Statement.
- Reporting on SEStran's arrangements for securing Best Value.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of SEStran and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on SEStran's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve SEStran from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The responsibilities of SEStran

10. SEStran has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements that give a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Audit Fee

11. The audit fee for the 2025/26 audit was reported in the Annual Audit Plan and was set at £13,360. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

National and performance audit reporting

12. The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to the partnership's board. Details of national and performance audit reports published over the last year can be seen in [Appendix 3](#).

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by SEStran.

Audit opinions on the annual accounts

13. SEStran's annual accounts were approved by the partnership board on 25 September 2026. The Independent Auditor's Report is included in SEStran's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

14. The unaudited annual accounts and all working papers were received on 1 June 2026 in accordance with the agreed audit timetable.

Materiality

15. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

16. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual report and accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

17. Materiality levels for SEStran were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts. Materiality levels were updated and these can be seen in [Exhibit 1](#).

Exhibit 1

2025/26 Materiality levels for SEStran

Materiality	Amount
Materiality – set at 2% of gross expenditure	£157,000
Performance materiality – set at 65% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£102,000
Reporting threshold – set at 5% of materiality.	£7,000

Source: Audit Scotland

Significant findings and key audit matters

18. ISA (UK) requires auditors to communicate significant findings from the audit to those charged with governance, which for SEStran is the partnership board.

19. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

20. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

21. There are no significant findings or key audit matters to report. We did, however, identify a number of presentation and accounting adjustments which management agreed to adjust in the accounting statements. These include:

- **Presentation of overall financial performance** – The information within the Management Commentary should provide a clear and accessible picture of financial performance against approved budgets and planned targets. On our recommendation, the management commentary was revised to clearly highlight SEStran's overall net expenditure position.

- **Classification of liability** – Our testing identified that a contribution of £138,000 received in advance had been incorrectly presented on the balance sheet. The balance should have been classified as a short-term creditor. This was corrected in the audited financial statements.
- **Restatement of asset balances** – As part of management's ongoing review of asset records, the prior year figure for derecognised assets was revised from £476,000 to £408,000. We reviewed the supporting evidence and are satisfied the restatement is appropriately reflected in the financial statements.
- **'Holding' account** – The partnership operates a bank account primarily for the receipt of funding, while routine financial transactions eg payments to suppliers are administered through the City of Edinburgh's financial ledger system. As the partnership relies on City of Edinburgh to pay suppliers, there was no straightforward audit trail linking payments from the holding account to individual supplier transactions.

Recommendation 1

We recommend the partnership explores ways to improve the audit trail for payments from its holding account to be able to readily identify supplier details.

Qualitative aspects of accounting practices

22. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of SEStran's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

23. The appropriateness of accounting policies adopted by SEStran was assessed as part of the audit. These were considered to be appropriate to the circumstances of SEStran, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting 25/26.

Accounting estimates

24. Accounting estimates are used in number of areas in SEStran's financial statements, including the estimation of the useful life of assets and the valuation of the pension liability. Audit work considered the process management SEStran has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

Disclosures in the financial statements

25. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail or clarification identified in areas such as the management commentary and remuneration report.

Audit adjustments

26. Management of the body processed audit adjustments for all misstatements identified greater than the reporting threshold. As a result, there are no uncorrected misstatements to report.

Significant risks of material misstatement identified in the Annual Audit Plan

27. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 3, \(page 11\)](#).

Exhibit 3**Significant risks of material misstatement to the financial statements**

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	The audit team will: • Evaluate the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries. • Test journal entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. • Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.	Audit work performed found: • The design and implementation of controls over journal processing were appropriate. • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No significant issues were identified from testing of journal entries. • No transactions outside the normal course of business were identified. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. • No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias. Conclusion: no evidence of fraud caused by management override of controls.

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud in expenditure recognition 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 2025/26 financial statements due to the significant extent and nature of SEStran's project and grant-related expenditure streams.	The audit team will: • Test expenditure transactions, focusing on areas of greatest risk, including grant awards. • Review of budget monitoring reports, focusing on significant budget variances. • Review of arrangements in place to prevent and detect fraud.	Audit work performed found: • No instances of fraud in the expenditure testing. • Financial management reporting is accurate and appropriate from reviewing budget monitoring reports presented at committee meetings. Conclusion: no evidence of fraud in expenditure recognition
Accounting for non-current assets SEStran holds several non-current assets which are disclosed on its balance sheet. The measurement, valuation and related disclosures for these assets involve the use of accounting estimates and professional judgement.	The audit team will: • Evaluate SEStran's arrangements for the valuation and accounting for non-current assets. • Review the appropriateness of the key data and assumptions used in the 2025/26 valuation process and challenge these where required. • Test non-current asset entries to confirm existence of assets and the completeness of the asset register.	Audit work performed found: • Arrangements for the valuation and accounting of non-current assets was appropriate. • Assumptions used in valuation were reasonable. • No issues with the existence of assets or the completeness of the asset register. Conclusion: accounting for non-current assets was appropriate.

Source: Audit Scotland

Prior year recommendations

28. SEStran has made good progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with SEStran and are outlined in [Appendix 1](#).

Financial Sustainability and Best Value audit

Conclusion

SEStran has appropriate arrangements in place for securing financial sustainability. It has developed longer-term financial plans and forecasts balanced budgets until 2028/29.

Audit approach to wider scope and Best Value

Wider scope

29. The Annual Audit Plan reported SEStran was considered to be a less complex body for the wider scope audit. Therefore, the wider scope audit does not cover all four wider scope areas and is instead limited to concluding on the financial sustainability of SEStran.

Best Value

30. Under the Code of Audit Practice, the duty on auditors to consider the arrangements an audited body has in place to secure Best Value applies to audited bodies that fall within section 106 of the Local Government (Scotland) Act 1973, which SEStran does.

31. Consideration of the arrangements SEStran has in place to secure Best Value have been carried out alongside the wider scope audit.

Conclusions on Financial Sustainability

32. The audit work performed on the arrangements SEStran has in place for securing financial sustainability found that these were effective and appropriate. This judgement is evidenced by SEStran:

- making appropriate arrangement to develop medium and longer-term financial plans and linking these to its Corporate Plan and priorities.
- having effective arrangements in place for identifying risks to financial sustainability over the medium and longer-term, and understanding medium and longer-term demand pressures that could impact on available resources.

Conclusions on Financial Sustainability

33. The partnership receives most of its funding from the Scottish Government via Transport Scotland, and requisitions from constituent council members. The budget for 2025/26 was agreed in March 2025, setting out total revenue expenditure of £7.426 million. Of this, £6.369 million of funding was initially budgeted for the People and Place Programme, an increase of 20% (£1.043 million) from the previous year.

34. The partnership has reported a net underspend in its core revenue budget of £0.022 million in 2025/26. The core budget relates to the day-to-day running costs of the partnership, such as staff and premises costs.

35. On its projects budget, it incurred costs of £6.801 million against income of £6.534 million, representing overall net expenditure of £0.267 million.

The partnership has developed longer-term financial plans and forecasts a balanced budget for future years

36. In 2024/25, we recommended that the partnership could improve its financial planning by considering medium-term projections beyond the following financial year, linked to business plan and strategic priorities. As SEStran's financial function is delivered through the City of Edinburgh, further strengthening this strategic link with its finance department may improve coordination, improve financial oversight and support more integrated planning and decision-making.

37. SEStran now has an indicative financial plan for 2027/28 to 2028/29, the most recent of which was presented to the March 2026 board. Total budgeted expenditure for 2026/27 was set at £9.952 million, split by:

- Core plus projects – £1.008 million
- People and Place Programme – £6.356 million
- Transport Employment Programme - £2.588 million

38. SEStran holds an unallocated General Fund reserve of £0.243 million and projects a balanced budget for both 2027/28 and 2028/29. These projections are based on planning assumptions that project funding will continue to support core costs and reflects assumptions around annual pay awards, efficiency savings and increases in constituent council requisitions. The achievement of the projected financial position will require these assumptions to be closely monitored and kept under review.

Arrangements for securing Best Value

39. The [Scottish Government has set out guidance](#) to help public bodies to demonstrate securing Best Value and continuous improvement in their performance. The guidance sets out the key characteristics of best value and to make arrangements to secure continuous improvement in

performance (while maintaining an appropriate balance between quality and cost); and, in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirement and to contribute to the achievement of sustainable development.

40. Procurement decisions are important to securing best value, and the partnership's governance scheme sets out processes which aim to contribute to the achievement of best value in procuring goods and services. The partnership's risk register also recognises the risk of not being able to achieve best value.

41. In assessing SEStran's arrangements to secure Best Value, we have drawn on our work on financial sustainability and considered the partnership's arrangements in the context of its size and nature. SEStran has strengthened its approach to longer-term financial planning in response to a recommendation made in our prior year annual audit report, demonstrating a commitment to continuous improvement.

42. To further enhance its ability to evidence Best Value, the partnership should strengthen its performance management framework by developing clear performance measures and targets, and systematically reporting performance against its strategic objectives and areas of activity. The management commentary in the accounts should provide an overview of relevant indicators to demonstrate how its interventions and activity is making a difference.

Recommendation 2

The performance information reported within the annual accounts should be improved by developing and reporting a suite of meaningful performance indicators and associated targets. These should clearly demonstrate progress against the 2035 Regional Transport Strategy and the partnership's strategic priorities.

Appendix 1

Action plan 2025/26

2025/26 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
1. Holding Account The partnership operates a bank account primarily for the receipt of funding, while routine financial transactions are administered through the City of Edinburgh Council's financial ledger system. As the partnership relies on City of Edinburgh Council to pay suppliers, there was no straightforward audit trail linking payments from the holding account to individual supplier transactions.	We recommend that the partnership explores ways to improve the audit trail for payments from its holding account to be able to readily identify suppliers.	Accepted We agree to explore ways to improve the audit trail with the City of Edinburgh Council, and where achievable and cost effective, make improvements. Responsible officer – Finance. Agreed date – by 31 December 2026.
2. Performance indicators There is scope to improve the management commentary to provide a clearer overview of performance during the year and be supported by performance indicators including financial and non-financial information.	The performance information reported within the annual accounts should be improved by developing and reporting a suite of meaningful performance indicators and associated targets. These should clearly demonstrate progress against the Regional Transport Strategy and the partnership's strategic priorities.	Accepted As part of the 2027/28 business planning process, SEStran will develop key performance indicators to demonstrate progress against the Regional Transport Strategy and wider strategic priorities. These will be reported on from the 2027/28 year, but retrospective reporting may be possible on some of these for 2026/27 Responsible officer – Partnership Director. Agreed date – 31 March 2027.

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
1. Derecognition of non-current assets SEStran has undertaken a review of its non-current asset register and overall asset strategy. Our audit identified further improvements could be made to provide a robust audit trail for all disposals of non-current assets.	The partnership should improve its processes and documentation around the disposal of assets. In addition, given the complex accounting requirements around non-current assets, management should ensure sufficient co-ordination and advice is sought from its finance partners. Agreed action: The Asset Management Policy will be amended to include a requirement for recommendations for the derecognition of specific assets to be approved by the Partnership Director before they can be removed from the asset register. Responsible officer: Partnership Director Target date: December 2025	Implemented The partnership has updated their Asset Management Policy and approval of the Partnership Director is now required before an asset can be removed from the asset register. This is evidenced by a signed Asset Derecognition Form for each asset removed from the register.

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
2. Financial planning It is important that the partnership has appropriate financial planning in place to ensure it can achieve its priorities and improve resilience. This is particularly important as the partnership's budget and activity increases.	The partnership should improve its financial planning by considering the medium-term projections beyond the following financial year, and link this to its business plan and strategic priorities. Agreed action: The financial planning horizon will be extended from 2 years to a longer period. The exact details will be agreed internally and submitted to the partnership board for approval as part of a new Financial Planning procedure. Responsible officer: Finance/Partnership Director Target date: December 2025	Implemented An Indicative Financial Plan covering 3 years and an updated Financial Planning Procedure was approved at the December 2025 partnership board meeting.

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2025/26	22 May 2025
NHS in Scotland: Spotlight on governance	28 May 2025
Delivering for the future: Responding to the workforce challenge	7 August 2025
Flooding in communities: Moving towards flood resilience	28 August 2025
Adult Disability Payment	18 September 2025
Scotland's colleges 2025	2 October 2025
Improving care experience: Delivering The Promise	8 October 2025
Local government performance: Spotlight on culture and leisure services	23 October 2025
Financial sustainability and taxes	13 November 2025
NHS in Scotland 2025: Finance and performance	4 December 2025
Delayed discharges: A symptom of the challenges facing health and social care	8 January 2026
Community health and social care: Performance 2025	8 January 2026
Administration of Scottish income tax 2024/25	16 January 2026
Local Government in Scotland: Financial bulletin 2024/25	29 January 2026
The Scottish Budget 2026/24: Supplement to the Financial bulletin 2024/25	12 February 2026
Integration Joint Boards: Finance bulletin 2024/25	26 February 2026
Annual Assurance and Risks Report: A review of 2024/25 local government audits in Scotland	12 March 2026

South East Scotland Transport Partnership

2025/26 Annual Audit Report



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 **Email: info@audit.scot**
www.audit.scot

Performance and Audit Committee

11 September 2026

The South East of Scotland Transport Partnership

Audit of the 2025/26 annual accounts

Independent Auditor's Report

1. My audit work on the 2025/26 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, I anticipate being able to issue unmodified audit opinions in the Independent Auditor's Report on 25 September 2026. The proposed Independent Auditor's Report is attached at [Appendix A](#).

Annual Audit Report

2. Under International Standards on Auditing in the UK (ISA (UK)), I am required to report specific matters identified from the audit of the annual accounts to those charged with governance of The South East of Scotland Transport Partnership (SEStran) in sufficient time to enable appropriate action. For SEStran, those charged with governance is the Performance and Audit Committee. I present for the committee's consideration my draft Annual Audit Report on the 2025/26 audit. The section headed "Significant findings and key audit matters" sets out the issues identified in respect of the annual accounts, including those that I am required to report to you.

3. The Annual Audit Report also sets out conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

4. The Annual Audit Report will be issued in final form after the audit of the annual accounts has been completed.

Uncorrected misstatements

5. I also report to those charged with governance all uncorrected misstatements in the annual accounts which I have identified during the course of my audit, other than those of a trivial nature, and request that these misstatements be corrected.

6. There are no uncorrected misstatements to report.

Other ISA (UK) matters

7. In presenting this letter and the Annual Audit Report to the Performance and Audit Committee, I seek confirmation from those charged with governance on the following matters:

- if they are aware of any instances of actual, suspected, or alleged fraud,
- if they are aware of any subsequent events that have occurred since the date of the financial statements,
- if they are content that the methods, assumptions, and data used in making accounting estimates in the annual accounts are appropriate,
- if all related party relationships and transactions they are aware of are reflected in the annual accounts, and
- if they are aware of any non-compliance with laws and regulations.

8. Any issues that I have identified from my audit in relation to other ISA (UK) matters that I am required to report to those charged with governance have been reported in the section headed “Other matters to report” in the Annual Audit Report.

Representations from the Section 95 Officer

9. As part of the completion of the audit, I am seeking written representations from the Treasurer, who is the Section 95 Officer, on aspects of the annual accounts, including the judgements and estimates made.

10. A draft letter of representations is attached at [Appendix B](#). This should be signed and returned to me by the Section 95 Officer with the signed annual accounts prior to the Independent Auditor’s Report being signed.

Appendix A: Proposed Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of The South East of Scotland Transport Partnership for the year ended 31 March 2026 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the 2025/26 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2025/26 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 03 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard was not provided to the

body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Treasurer and The South East of Scotland Transport Partnership for the financial statements

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

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

The South East of Scotland Transport Partnership is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the body;
- inquiring of the Treasurer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Treasurer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

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

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

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

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

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

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

In my opinion, based on the work undertaken in the course of the audit:

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

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Christopher Gardner FCPFA,
Audit Scotland,
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1 BT

Appendix B: Letter of Representations (ISA (UK) 580) – to be reproduced on SEStran or CEC headed paper and returned unsigned to be uploaded to DocuSign

25 September 2026

Christopher Gardner, Senior Audit Manager
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

The South East of Scotland Transport Partnership
Annual accounts 2025/26

Dear Christopher,

This representation letter is provided in connection with your audit of the annual accounts of The South East of Scotland Transport Partnership, hereafter referred to as SEStran, for the year ended 31 March 2026 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view and have been properly prepared, and for expressing other opinions on the Remuneration Report, Management Commentary, and Annual Governance Statement.

I confirm to the best of my knowledge and belief, and having made such enquiries as I considered necessary, the following representations given to you in connection with your audit of SEStran's annual accounts for the year ended 31 March 2026.

General

I have fulfilled my responsibilities for the preparation of the 2025/26 annual accounts as set out in your 2025/26 Annual Audit Plan. All the accounting records, documentation, and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by SEStran have been recorded in the accounting records and are properly reflected in the financial statements.

I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. As you have reported, there are no uncorrected misstatements.

Financial Reporting Framework

The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (2025/26 Code), and the requirements of the Local Government (Scotland)

Act 1973, the Local Government in Scotland Act 2003, and the Local Authority Accounts (Scotland) Regulations 2014.

In accordance with the Local Authority Accounts (Scotland) Regulations 2014, I have ensured that the financial statements give a true and fair view of the financial position of SEStran at 31 March 2026 and the transactions for 2025/26.

Accounting Policies and Estimates

All material accounting policies applied are as shown in the note included in the financial statements. The accounting policies are determined by the 2025/26 Code, where applicable. Where the 2025/26 Code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to SEStran's circumstances and have been consistently applied.

The methodology, significant assumptions, and data used in making accounting estimates are reasonable, and have been properly reflected and disclosed in the financial statements in accordance with the 2025/26 Code. Judgements made in making estimates have been based on the latest available and reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

I have assessed SEStran's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on SEStran's ability to continue to adopt the going concern basis of accounting.

Assets

All assets at 31 March 2026 of which I am aware have been reported in the financial statements.

I carried out an assessment at 31 March 2026 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified in the financial statements.

I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2026.

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

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

The pension assumptions made by the actuary in the IAS 19 report for SEStran have been reviewed and I confirm that they are consistent with management's own view.

Liabilities

All liabilities at 31 March 2026 of which I am aware have been reported in the financial statements.

Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2026 of which I am aware where the conditions specified in IAS 37, as adapted by the 2025/26 Code, have been met.

The accrual recognised in the financial statements for annual leave untaken by 31 March 2026 has been estimated on a reasonable basis.

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

Contingent Liabilities

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

Litigation and Claims

All known actual or possible legal claims have been disclosed to you and have been accounted for and disclosed in the financial statements in accordance with the 2025/26 Code.

Fraud

I understand my responsibilities for the design, implementation, and maintenance of internal control to prevent fraud and I believe I have appropriately fulfilled those responsibilities.

I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated as a result of fraud,
- any allegations of fraud or suspected fraud affecting the financial statements, and
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with IAS 24, as adopted by the 2025/26 Code. I have made available to you the identity of all of SEStran's related parties and all the related party transactions of which I am aware.

Remuneration Report

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014, and all required information of which I am aware has been provided to you.

Management Commentary

I confirm that the Management Commentary has been prepared in accordance with statutory guidance, and the information is consistent with the financial statements.

Corporate Governance

I confirm SEStran has undertaken a review of the system of internal control during 2025/26 to establish the extent to which it complies with proper practices set out in *Delivering Good Governance in Local Government: Framework 2016*. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

I confirm that the Annual Governance Statement has been prepared in accordance with the *Delivering Good Governance in Local Government: Framework 2016* and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements, or issues identified, since 31 March 2026 which require to be reflected in the Annual Governance Statement or annual accounts.

Events Subsequent to the Date of the Balance Sheet

All events subsequent to 31 March 2026 for which IAS 10, as adopted by the 2025/26 Code, requires adjustment or disclosure have been adjusted or disclosed.

Prior period restatement

I confirm that the comparative disclosure relating to derecognised assets and the associated entries has been fully and accurately restated.

Yours sincerely

Richard Lloyd-Bithell

Treasurer, SEStran

Date:

Audited Annual Accounts 2025/26

1. Introduction

- 1.1** This report presents the Audited Annual Accounts for the year ended 31st March 2026.

2. Main Report

- 2.1** The unaudited Annual Accounts were noted by the Partnership at its meeting on 19th June 2026.
- 2.2** The Partnership's appointed External Auditor, Audit Scotland, has completed work on the 2025/26 annual accounts.
- 2.3** The Audited Annual Accounts for the year ended 31st March 2026 are presented at Appendix 1.
- 2.4** The Proposed Independent Auditor's Report states the financial statements:
- give a true and fair view of the state of affairs of the body as at 31 March 2026 and of its income and expenditure for the year then ended;
 - have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2025/26 Code; and
 - have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.
- 2.5** The Audit Opinion is included in the Independent Auditor's report at pages 51 to 53 of the Audited Annual Accounts.
- 2.6** The Partnership Board will consider the Annual Audit report and the Audited Annual Accounts at its' meeting on 25th September 2026.

3 Recommendations

- 3.1** It is recommended that the Performance and Audit Committee note the audited annual accounts and the Auditor's opinion in the audit certificate.

Richard Lloyd-Bithell
Treasurer
4th September 2026

Appendix 1 - Audited Annual Accounts 2025/26

Contact thomas.stokes@edinburgh.gov.uk

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

**The South East of Scotland
Transport Partnership
(SESTRAN)**

**Audited
Annual Accounts**

2025/2026

The South East of Scotland Transport Partnership (SESTRAN)

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The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary

1. Basis of Accounts

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

2. Statutory Background

The South East of Scotland Transport Partnership (SESTRAN) was established on 1st December 2005 under the Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005.

The Partnership's main source of funding is an annual revenue grant from Transport Scotland. Under Section 3 of the Transport (Scotland) Act 2005, the net expenses of SEStran, after allowing for the government grant and any other income, are met by its constituent councils. The constituent councils are City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian. In accordance with Section 122 of the Transport (Scotland) Act 2019, the Partnership has established a General Fund reserve.

3. Corporate Strategy

Regional Transport Partnerships (RTPs) have a statutory remit which includes developing a Regional Transport Strategy (RTS) in partnership with member local authorities and other stakeholders, monitoring and reporting on progress of the strategy's implementation. The current RTS - SEStran 2035 - was approved by Scottish Ministers in March 2023 and replaces the Regional Transport Strategy 2015 - 2025 Refresh published in July 2015. It addresses the transport problems and issues being experienced in the SEStran region.

The SEStran region covers 8,400km², which is just over 10% of Scotland's landmass. It has 11,821 km of roads and over 870,000 cars. It is hugely diverse and includes areas which fall into every one of the Scottish Government's six-fold urban-rural classification. The total population of the SEStran area was estimated as 1,619,460 in 2024 (National Records of Scotland mid-year population estimate 2024). Drivers in our region covered 3,201 million km in 2025.

The majority of the population is concentrated in the centre of the SEStran area with large, sparsely populated rural areas to the north, south, and east particularly the remote rural areas in north and east Fife, Scottish Borders and East Lothian. The greatest concentration of population is within the City of Edinburgh, which accounts for approximately 32% of the total SEStran region population.

The new RTS sits within a policy hierarchy which spans the national, regional and local levels. In particular, the RTS has been developed within the policy framework provided by the National Transport Strategy 2 which was published in February 2020, and set out four strategic priorities, as well as defining a Sustainable Travel Hierarchy. These four priorities and hierarchy have been used to guide the development of this RTS. The Partnership's Vision Statement is "a South-East of Scotland, fully integrated transport system that will be efficient, connected and safe; create inclusive, prosperous and sustainable places to live, work and visit; be affordable and accessible to all, enabling people to be healthier; and delivering the region's contribution to net zero emissions targets."

The 4 key strategy objectives outlined in the RTS are:

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

Work to deliver the RTS takes various forms including:

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

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

3. Corporate Strategy (*continued*)

The Corporate Strategy for 2026/27 will include a focus on transport governance and the regionalisation of key public sector activities including economic growth, land use planning and transport. These discussions are described in detail in the Risks and opportunities section of this report.

4. Risks and Opportunities

The principal risks and uncertainties faced by the Partnership in recent years have traditionally fallen into two main categories - financial and transport governance.

Financial Risks and Opportunities

In recent years, the Partnership has had 3 main sources of funding:

- Annual grant funding from Transport Scotland
- Ringfenced funding for specific projects or activities e.g. People and Place (active travel behaviour change)
- A requisition from each of the eight local authority partners

Annual grant funding from Transport Scotland

The annual grant from Transport Scotland remained at the same level since at least 2011/12, but, in 2024/25, it was reduced by 5% in line with reductions across the Scottish Government. This reduced level of funding from Transport Scotland continued into 2025/26 and will remain at this level in 2026/27. In absolute terms, Council requisitions have reduced by 15% over the same period. Taken together, funding from Transport Scotland and our Council partners has reduced by 7% over the last 15 years. There remains a real risk that there will be further reductions to our core grant, which is designed to cover the Partnership's core costs, in 2027/28 and beyond.

In addition, Transport Scotland is currently reviewing future core funding for RTPs. This could impact on our funding but it is currently unclear to what extent or whether any change will be positive or negative.

Ringfenced project funding

In 2025/26, the Partnership received an additional £6.45m of grant funding for the People and Place active travel behaviour change programme. This funding is ringfenced and most was passed through to local authorities and active travel delivery partners whose projects qualified for funding under the grant standing orders (SOs) and funding processes which have been approved by the Partnership.

People and Place funding for 2026/27 has been reduced by £1.2m, reflecting revenue pressures facing the Scottish Government. This reduction does not have a significant impact on SEStran, but does impact our ability to deliver this important aspect of the Regional Transport Strategy.

RTPs have also been awarded around £10m in 2026/27 to tackle transport barriers to reducing child poverty. SEStran will receive £2.8m of this Transport to Employment funding and we are working with our partner local authorities to help low income families with children to access paid employment or training opportunities. This funding has only been confirmed for one year, but all RTPs will aim to make a strong case that it should be continued in future if improvements in access are to be maintained beyond this year.

Council requisitions

Transport Scotland has encouraged RTPs to increase Council requisitions and we had planned to seek an increase of 10% for the 2026/27 financial year. However, this was postponed and it is now anticipated that, at the September 2026 meeting of our Partnership Board, we will submit a paper proposing an updated mechanism for agreeing funding of future workstreams. We are hopeful that this will provide a greater degree of certainty about future funding.

Mitigations are in place both to reduce the probability and impact of these risks, and to respond to them if they become issues. Primary amongst these are:

- Influencing central and local government partners by building strong cases for further investment in SEStran
- Making prudent planning assumptions
- Monitoring income and expenditure on a monthly basis and adjusting expenditure to mitigate against any forecast overspends
- Holding an appropriate cash reserve to be used in the event that an overspend cannot be prevented by other controls.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

Transport Governance

Transport Scotland is planning to review transport governance in 2026/27, and discussions on strengthening Regional Economic Partnerships will take place in 2026 with legislation earmarked for 2027/28. In addition, Transport Scotland will be absorbed into the Scottish Government, although the exact timeframe is uncertain, which will also impact on transport governance.

These initiatives present both a risk and an opportunity to SEStran.

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

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

The recent transfer of People and Place responsibilities, and subsequent award of Transport to Employment funding to RTPs demonstrates that Transport Scotland supports a regional approach to the governance of at least some transport functions. SEStran is aiming to build on this by actively engaging with Transport Scotland about other matters where it believes it can make a significant positive impact.

The Scottish Government has also committed to strengthening the ability of regional partnerships to drive economic growth. Although not explicitly mentioned to date, transport will form a key part of these discussions since it is a key enabler of land use planning and economic growth.

The government is currently consulting on models and the powers required to support this change, and all RTPs including SEStran will be part of this process. We are currently developing a 'gold standard' model for how transport would be improved in the SEStran region, for presentation to our Partnership Board, at its June meeting. This will then form the basis of our input into discussions on regionalisation.

5. Results for the Year

The Partnership's financial performance is presented in the Comprehensive Income and Expenditure Statement, which can be seen on page 19. An Expenditure and Funding Analysis has been provided to reconcile the Partnership's financial performance between Funding and Accounting Basis. The Expenditure and Funding Analysis can be found in Note 6.

The outturn position for the Partnership's 2025/26 financial results on a funding basis compared to budget is summarised in the table below.

	Revised Budget 2025/26 £'000	Outturn 2025/26 £'000	Overspend/ (Underspend) £'000
Core	856	864	8
Net Cost of Projects	77	267	190
Net Cost of Services	933	1,131	198
Government Grant	(743)	(743)	0
Constituent Council Requisitions	(190)	(190)	0
Interest paid / (received)	0	(30)	(30)
Sources of funding total	(933)	(963)	(30)
Transfer (to) / from Reserves	0	168	168

The outturn for the year shows an overall overspend of £0.168m, mainly comprising of spend on approved project budgets which were slipped into 2025-26. Consequently:

- £0.190m has been transferred from the earmarked portion of the General Fund Reserve associated with project slippage.
- The project slippage earmarked balance has reduced from £0.348m to £0.158m.
- £0.022m has been transferred to the unallocated General Fund Reserve increasing the reserve from £0.221m to £0.243m.

More information on the usable reserves can be found in Note 16.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Results for the Year (*continued*)

Core budget

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

- £37,000 of additional employee costs being recharged to the Projects budget
- £30,000 of interest received on revenue balances reflecting the additional cash balances that the Partnership benefited from through the People and Place Programme.

The principal adverse variances which arose on the Core budget were:

- employee costs (£33,000)
- IT device refresh (£11,000)

resulting in a net Core budget underspend of £22,000.

Projects budget

In 2025-26 the Partnership incurred expenditure of £6.801m on revenue projects and received external grants and contributions of £6.534m resulting in net expenditure of £0.267m.

- £0.190m was transferred from the earmarked Project Budget slippage reserve to manage the overspend
- £0.158 of earmarked reserve is carried forward into 2026-27 to cover project slippage from 2025-26 including £0.061m to meet future lease commitments for an electronic bicycle scheme.

Reserves

In accordance with the provisions of the Transport Scotland (2019) Act, the Partnership has agreed a Reserves Policy and established an unallocated reserve. At 1st April 2025, the Partnership had an unallocated General Fund Reserve of £221,000. At 31st March 2026, this increased to £243,000. Slippage on project delivery from 2025/26 to 2026/27 will be managed by establishment of an earmarked balance per the Partnership's Reserves Policy.

Treasury Management

The Partnership has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector. The Partnership maintains its bank account as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council and is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Partnership. Interest is given on month end net indebtedness between the Council and the Partnership. For 2025/26, interest of £30,248 was calculated in accordance with the (withdrawn) Local Authority (Scotland) Accounts Advisory Committee's Guidance Note 2 on Interest on Revenue Balances. The role of Treasury Management in the management of financial risks is referenced in Note 24. In line with the CIPFA Code of Practice, an annual Treasury Management report is submitted to the Partnership at the end of each financial year.

Non Financial Results

During 2025/26, the Partnership progressed work on a number of exciting projects and on the development of strategies essential to facilitate delivery of the RTS.

Regional Transport Strategy Delivery Plan

The Regional Transport Strategy is the guiding light for everything required to improve transport across our region. Its Delivery Plan provides a mechanism to assess and prioritise regional projects required over the next ten years to realise the ambitions of the Regional Transport Strategy. The Regional Transport Strategy Delivery Plan supports the delivery of a transport network that:

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

The Regional Transport Strategy Delivery Plan complements Strategic Transport Projects Review 2 (STPR2), highlighting projects within and outside the plan that contribute to the Partnership's vision for transport in South East Scotland. Over the course of 2025/26, the Partnership worked with transport, planning and economic development colleagues from both the Edinburgh and South East of Scotland City Region Deal and other partner local authorities to develop a matrix of regional projects. They agreed scoring and weighting that brings parity across our eight authorities.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Results for the Year (*continued*)

Regional Transport Strategy Delivery Plan (*continued*)

These priorities were split into 6 key themes:

- Decarbonisation
- Digital
- Freight
- Active Travel
- Mass Transit
- Interchanges

One of these themes, Mass Transit, has now been formed into the SEStransit Programme which is described below.

SEStransit

A key theme from the RTS Delivery Plan, SEStransit is a transformational, once-in-a-generation opportunity to reshape how people move across South East Scotland. It will deliver a faster, greener and more reliable regional transport system - one that matches the scale of our economic ambition, supports inclusive economic growth, and enables tens of thousands more people to travel sustainably every day.

At its heart, SEStransit imagines a region where buses, trains, trams and other shared modes operate not as fragmented services but as a single, fully integrated, high-capacity mobility system, supported by seamless interchanges, smart ticketing, real-time information and world-class digital tools. This is a bold step toward creating a regional network that is coherent, coordinated and futureproof - a system where passengers can move effortlessly between modes, access employment, housing, healthcare and education sites, and rely on a transport network that works for every community. In doing so, it will accelerate decarbonisation and reduce congestion, expand opportunity and strengthen the resilience, wellbeing and economic opportunity of communities across the region.

SEStransit will provide the robust evidence, modelling and delivery pathways required to unlock major investment, drive regional cohesion and support Scotland's climate, modal shift and economic priorities.

In 2025/26 work was undertaken to develop a Strategic Business Case, which will be completed in autumn 2027. When this Business Case has been approved, we will move to an Outline Options appraisal which will identify a number of potential solutions to each of the challenges identified.

People and Place

The People & Place Programme is a region-shaping initiative designed to reshape how communities move, connect and thrive. In 2025/26 we funded over 100 project across the region, delivering multi million pound targeted investment in the local authorities, third sector delivery partners, and community groups that support making active and sustainable travel not just possible, but the preferred choice for everyday journeys. By empowering schools, workplaces, communities and local authorities, the programme drives a fundamental shift away from car dependency and towards healthier, fairer and cleaner daily journeys for everyone.

At its core, this programme unlocks real behaviour change at scale - removing barriers to access, widening participation, and embedding the skills, systems and confidence needed to create lasting change. It results in expanded access to cycles across the region, increasing active journeys to schools through projects such as walking buses and cycle training, supporting increased use of public transport through provision of mobility hubs and enhanced bus stop information, and working with community groups to deliver change at a local level to achieve regional impact.

Coordinated at a regional level to achieve maximum impact through concentrated investment, it advances inclusion, enhances accessibility, and strengthens local capability, while supporting the shift to net zero and Scotland's wider climate, health and economic ambitions.

Specifically, the programme aims to:

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

The results for 2025/26 are currently being evaluated and will be reported to the Partnership Board in June 2026. It is anticipated that the evaluation report will demonstrate that we have built on the very positive evaluation of the programme's first year 2024/25.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Results for the Year (*continued*)

Transport to Health (TtH)

Getting to and from an appointment at a hospital, at the local doctor's surgery or other healthcare setting can be difficult for many people. The result of not getting appropriate treatment where and when it is needed can be poorer health outcomes which impact people and the NHS.

The Partnership is working with healthcare partners across the region to better understand the barriers to healthcare and to find ways to tackle them.

During 2025/26 we conducted a Literature Review and developed a Case for Change, both of which were approved by the Partnership Board. These demonstrated that there are significant barriers to healthcare, which disproportionately affect older people, and those living in rural or deprived areas.

As well as worse health outcomes for individuals, these barriers increase costs to the NHS and reduce economic activity rates which are a key component of productivity and economic growth.

Therefore tackling these barriers will result in significant returns elsewhere in the economy.

Regional Bus Strategy

In November 2025 the Partnership Board approved the development of a world-class bus service for the SEStran region. Pre-covid, almost half of residents in the region used a bus at least once a month. The impact of covid saw this reduce drastically, and many operators have had to reduce the number and frequency of services they offer due to falling patronage and increased costs.

Buses remained by far the most commonly form of public transport in 2024-25, with 73% of public transport journeys made by bus. Reduced service provision disproportionately affects deprived areas and impacts people's ability to access employment, education and healthcare. This means that there is an impact on the economy, education levels, and poverty.

As a result, SEStran began developing a Regional Bus Strategy in 2024/25. The strategy was launched in December 2025 and the associated Action Plan kicks off in May 2026 when the Programme Board meets for the first time.

Grounded in our 2025/26 consultation that heard from thousands of voices from across our communities and driven by a clear vision for affordable, reliable, inclusive mobility, this programme will reshape how the region moves - strengthening opportunities, reducing inequalities, and positioning public transport as the natural first choice for everyday travel.

We are building a system that delivers consistently, connects communities fairly, and competes confidently with private car travel. Our work will unlock faster and more dependable journeys through targeted bus priority measures; simplified and integrated fares and ticketing; moving toward a clear and trusted network identity; and ensuring all users benefit from high-quality information, infrastructure, and customer experience.

Thistle Assistance and Realtime Passenger Information (RTPI)

Thistle Assistance provides support to people who find using public transport challenging, and we manage this initiative on behalf of all RTPs across Scotland. The scheme has exceeded all expectations in 2025/26, with usage ballooning from previous levels due to the excellent efforts of the team. We continue to support the rollout of RTPI screens across the region. These play a crucial role in journey planning and in improving the perception of safety when using public transport – because people know exactly when a bus will arrive at their stop.

The Team

The entire SEStran team is involved in developing and delivering the Business Plan. Team members' skills and experience are recognised and they are encouraged to take ownership of any activities or projects in which they are involved. This empowers them to drive the organisation's workplan, subject to approval of the Business Plan.

From 2026/27, SEStran will reintroduce an annual review and development process to ensure that team members receive the development and training required to support delivery of our programme portfolio and to enhance their skill base in line with their future career aspirations provided that these are in line with organisational objectives.

Equalities

Improving equality of opportunity is a key focus for SEStran. No particular group of people should be disadvantaged by transport barriers that do not exist for others. We already have robust processes in place, including compliance with Public Sector Equality Duties and the publication of an Equalities and Mainstreaming report. However during 2026/27 we will provide staff training on Inclusive Transport and implement an enhanced Integrated Impact Assessment process.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

5. Results for the Year (*continued*)

Tackling the Negative Impacts of Transport

As has been previously outlined, transport is an essential enabler of economic growth and land use planning, and for linking people with employment, education, healthcare, leisure and with each other.

However, it can also have serious negative impacts which fall disproportionately on the people in the most deprived areas, and who are responsible for much less of the impacts than people in less deprived neighbourhoods.

The Regional Transport Strategy tackles all of these challenges, which include:

- Deaths and serious injuries due to traffic collisions
- Illness and deaths due to pollution
- An increase in global warming due to the emission of greenhouse gases
- Reduction in economic productivity due to congestion
- Loss of greenspace to roads and car parks
- Communities ruptured and connectivity reduced by busy roads

6. Future Developments

The Partnership's Business Plan for 2026/27 builds further on the work undertaken in 2025/26. It identifies seven priority workstreams, including five continuing programmes:

- Regional Transport Strategy Delivery Plan
- SEStran
- People and Place
- Transport to Health
- Regional Bus Strategy Delivery Plan

And two new programmes:

- Travel to Employment
- Workforce Mobility

All supported by a number of cross-cutting initiatives including:

- Thistle Assistance
- Realtime Passenger Information
- Digital

Regional Transport Strategy Delivery Plan

Work on two of the six themes in the Delivery Plan, Mass Transit (SEStran) and Active Travel (People and Place), is progressing well and plans for 2026/27 are described below. Further work will be done on other elements of the Delivery Plan, primarily on the Digital and Interchanges themes, both of which are required to support SEStran.

SEStran

At the time of writing we are waiting on Transport Scotland to confirm funding through the Bus Infrastructure Fund for the next phase of the programme. This will allow us to complete all elements of the Strategic and Outline Business Cases during 2026/27 (exact timescales to be confirmed).

The programme has access to additional funding from the Local Growth Fund via the Edinburgh and South East Scotland City Region and it is likely that we will seek funding from all programme partners. They have been advised of this likelihood, but the exact amounts cannot be confirmed until Transport Scotland have confirmed whether and how much funding we will receive. This additional funding means that we can continue work ahead of Transport Scotland confirmation.

People and Place Plan

The Partnership developed a Delivery Plan that establishes the medium to long term regional priorities for change, how funding will be prioritised, and how the Partnership will work with local authorities and delivery partners to provide a holistic approach to support broader transport outcomes. SEStran will continue to work with partners to review progress annually, learn lessons from robust monitoring and evaluation, and make changes as required.

The £1.2m reduction in revenue funding described earlier will impact partners' ability to drive behaviour change. They have worked with us to adjust their plans and timetables and we will still make measurable inroads in 2026/27.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

6. Future Developments (*continued*)

Transport to Health

We are aiming to develop an Outline Business Case and, possibly, a Detailed Business Case in 2026/27. Planning is currently underway and, until finalised, timescales remain indicative. However the tender documents for consultancy support for the Outline Business Case have been drafted and the tender should be initiated late in Q1 of 2026/27. Our aim is to move to implementation of preferred solutions in Q4 2026/27 or Q1 2027/28.

Regional Bus Strategy Delivery Plan

The Bus Programme Board meets for the first time in May 2026, and will take ownership of the Action Plan arising from the Bus Strategy.

The Board will agree the Programme Initiation Document which will outline the programme vision, objectives, benefits, scope, resources, cost, risks, issues, success criteria, measures etc.

It will prioritise the various actions to ensure that the programme quickly gains credibility by delivering quick wins, and then using their skills and experience to ensure that the programme schedule and timescales take full cognisance of dependencies and constraints so that actions are scheduled in an appropriate order.

Transport to Employment

Directly supporting the First Minister's key priority for government of reducing child poverty, the Transport to Employment programme is a targeted, outcomes-driven intervention designed to break the link between low income, poor transport access, and child poverty. It will increase household incomes for parents across the region by enabling access to fair, well paid employment and training, while simultaneously reducing the financial burden of travel that can make work unaffordable or unsustainable.

Rather than operating in isolation, the programme maximises the impact of the Regional Transport Strategy by accelerating and shaping its delivery through a child-poverty lens. Every improvement to public and sustainable transport - whether reduced journey times, simpler networks, or lower fares - strengthens access to work and training and reduces reliance on private car ownership. This programme ensures those benefits are intentionally directed towards parents and communities most in need.

A core ambition is to turn short-term funding into long-term change. The programme will build regional capacity, deepen partnerships with Local Employability Partnerships, local authorities, NHS boards, and operators, and pilot scalable interventions that can be sustained beyond 2026/27. A strong emphasis on monitoring, evaluation, and learning will ensure that successful approaches are evidenced, refined, and ready for future expansion.

SEStran has been awarded £2.8m and will work with local authorities and third sector partners to deliver on four strategic areas: supporting journeys to further education and training opportunities; improving transport access to large and strategically important workplaces, including healthcare sites; addressing the unique challenges of rural access to work and further education; and delivering targeted fare interventions that reduce travel costs for parents who currently fall outside existing concessionary schemes. Together, these actions will unlock opportunity, improve financial resilience, and support families to move sustainably out of child poverty.

Specifically, the programme aims to:

- Reduce current levels of child poverty by improving the availability of transport options for parents to access employment and training
- Reduce current levels of child poverty by increasing household incomes for families by reducing transport costs to employment and training
- Reduce current levels of child poverty by supporting access to NHS sites as one of the region's major employers and to support access to health services to reduce health inequalities that impact on ability to work
- Make best use of the one year funding to build capacity in future years to deliver further action to reduce child poverty

Workforce Mobility Project

The Workforce Mobility Project is part of the Edinburgh and South East Scotland City Region Deal. This innovative project is the first of its kind within a regional growth deal, spanning employability and transport themes to overcome travel barriers and acknowledge the fundamental role transport plays in supporting employment, training, and education. The project aims to work across sectors to improve communication, collaboration, data usage and long-term planning to improve the effectiveness of local and regional transport to support the ambitions of the Integrated Regional Employability Skills Programme, the Regional Prosperity Framework and the Regional Transport Strategy.

The South East of Scotland Transport Partnership (SESTRAN)

Management Commentary (*continued*)

6. Future Developments (*continued*)

Workforce Mobility Project (*continued*)

The Workforce Mobility Project Manager has moved to SEStran as Senior Partnership Manager and, in order to maintain consistency, will continue to provide leadership to the project.

In addition, SEStran has secured additional funding from Transport Scotland to undertake a national pilot whereby RTPs and local authorities throughout Scotland will have free access to project tools and consultancy.

Monitoring and Reporting

Progress on every piece of work – programmes and strategies – is reported to the Board on a quarterly basis. These reports include milestones, costs, risks, issues and benefits amongst a range of other factors. However it can be difficult to measure progress against the type of income we typically aim to deliver e.g. removal of transport barriers to accessing healthcare or eradicating child poverty.

A key focus of work in 2026/27 will be the development of a suite of key performance indicators to demonstrate the difference we are making and that we are delivering value for money.

7. Certification

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

Chair of Partnership Board: SALLY PATTLE _____ Date signed:

Partnership Director: BRIAN BUTLER _____ Date signed:

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

The South East of Scotland Transport Partnership (SESTRAN)

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Partnership's Responsibilities

The Partnership is required:

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

I confirm that the annual accounts were approved for signature by the South East of Scotland Transport Partnership at its Board meeting on 25th September 2026.

Chair of Partnership

Board:

SALLY PATTLE

_____ Date signed:

The Treasurer's Responsibilities

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

In preparing the Annual Accounts, the Treasurer has:

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

The Treasurer has also:

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

I certify that the Annual Accounts give a true and fair view of the financial position of the Partnership at the reporting date and the transactions of the Partnership for the year ended 31st March 2026.

Treasurer: RICHARD LLOYD-BITHELL, CPFA

_____ Date signed:

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2025/26

1. Executive Summary

The Annual Governance statement summarises how the Partnership's governance is operating effectively as at the date of signing of the statement, with a recognition of the need to continually improve governance within the Partnership.

As part of the review of the effectiveness of governance, Internal Audit undertake one review each year into controls to mitigate specific key risks. This year's review provided reasonable assurance on the adequacy of the design and operation of the controls tested, but identified some weaknesses where improvements could strengthen transparency, financial stewardship, and regulatory compliance.

From this year's review, there is reasonable assurance that the Local Code of Corporate Governance is operating adequately, with overall compliance by the Partnership with its corporate governance arrangements.

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

2. Background

The Partnership is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for and used economically, efficiently, effectively and ethically. The Partnership also has a duty to secure continuous improvement in the way its functions are carried out. The Partnership has approved and adopted a Local Code of Corporate Governance which is consistent with appropriate corporate governance principles and reflects the requirements of the "Delivering Good Governance in Local Government: Framework (2016)".

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

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

The Partnership's Governance Framework

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

The Partnership's framework is underpinned by 6 core principles:

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

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

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

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2025/26 (*continued*)

The Partnership's Governance Framework (*continued*)

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

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

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

The Business Plan outlines the priorities for the coming year, and the Annual Report is published as soon after the end of a financial year as possible and looks back at the project and strategy work undertaken in that year. Where applicable, key statistics and outcomes are provided in the Annual Report.

4. Review of Effectiveness

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

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

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

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

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

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2025/26 (*continued*)

4. Review of Effectiveness (*continued*)

- The CIPFA Financial Management Code requires a disclosure in the Annual governance statement to disclose compliance with the CIPFA Financial Management (FM) Code and identify any outstanding areas for improvement or change.

5. SEStran Governance Scheme

The SEStran Governance Scheme forms a collection of the following key documents which enable lawful and transparent decision making:

- Standing Orders;
- Committee / Officer Powers;
- Financial Rules;
- Contract Standing Orders;
- Procurement Strategy; and
- Grant Standing Orders

The Scheme is subject to ongoing review, with any revisions subject to Board approval.

6. Finance

In compliance with accounting practice, the Treasurer has provided the Partnership Director with a statement on the adequacy and effectiveness of the Partnership's internal financial control system for the year ended 31st March 2026. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system. The Partnership's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The statement also evaluates compliance with the Financial Management Code. The Partnership's financial management arrangements are assessed as being compliant with the FM Code.

7. Internal Audit Opinion

The City of Edinburgh Council Internal Audit Service undertakes one annual review each year to provide assurance over the controls established by the Partnership to mitigate specific key risks. During 2025/26, the Internal Audit Service undertook a review to assess the adequacy of design and operating effectiveness of the key controls established for the monitoring and oversight arrangements to oversee governance and financial management of SEStran projects. The review provided reasonable assurance that SEStran has a generally sound system of governance, risk management and control in place to support the project management within SEStran. Several areas for improvement were identified within the project management processes to further strengthen transparency, financial stewardship, and regulatory compliance.

Due to the 2025/26 review being focussed on the key controls in place in relation to project management, an internal audit annual opinion is not given on the Partnership's overall governance arrangements. As the Partnership uses the financial systems of City of Edinburgh Council, assurance is placed on work undertaken by Internal Audit on the City of Edinburgh Council's financial systems.

8. Governance Improvements 2025/26

During 2025/26, the Partnership continued to strengthen its governance arrangements through the effective implementation of agreed Internal Audit recommendations, with 11 of 12 actions arising from the previous audit review completed during the year.

The Partnership also adopted the City of Edinburgh Council's revised Governance and Assurance Cycle, providing a more structured and integrated approach to governance review, assurance and internal control.

Internal Audit concluded that there was reasonable assurance regarding the adequacy and effectiveness of the project governance arrangements reviewed, supporting the Partnership's commitment to continuous improvement and good Further governance enhancements, including improvements to risk management arrangements and the review of fraud and corruption controls, are being progressed during 2026/27.

9. Where our Governance Needs to Improve

Whilst the Partnership's governance arrangements continue to provide reasonable assurance, opportunities for further improvement have been identified in relation to project and programme management, corporate risk management and fraud prevention arrangements. Recommendations arising from the 2025/26 Internal Audit review will be implemented during 2026/27 and progress monitored through the Partnership's existing governance and assurance arrangements.

The South East of Scotland Transport Partnership (SESTRAN)

ANNUAL GOVERNANCE STATEMENT 2025/26 *(continued)*

10. Forward Look on Governance

In 2026/27 Regional Transport Partnerships are likely to be impacted by several ongoing conversations about how decisions are made and delivered. These conversations could result in a significant opportunity to rethink how regional transport is planned and delivered. These conversations include

- Transport Scotland’s reviews of transport governance (i.e. the absorption of Transport Scotland back into Scottish Government, and the split of roles and responsibilities between national, regional and local levels)
- Proposals by the Scottish Government to give Regional Economic Partnerships (REP) greater powers and responsibilities to drive growth. Transport isn’t currently a priority theme within the REP proposal, but all partners recognise transport as a key enabler for future economic success.

Additionally, in May 2027, Local Government Elections are due to take place which could change the political make up of the Partnership Board. This could result in changes to the Board’s policy aims and objectives requiring adaptation of the Partnership’s governance arrangements.

11. Certification

From this year’s review, there is reasonable assurance that the Local Code of Corporate Governance is operating adequately, with overall compliance by the Partnership with its corporate governance arrangements.

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

Chair of Partnership

Board: SALLY PATTLE _____ Date signed:

Partnership Director:

BRIAN BUTLER _____ Date signed:

The South East of Scotland Transport Partnership (SESTRAN)

REMUNERATION REPORT

1. Audit of Remuneration Report

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

2. Remuneration Policy for Senior Employees

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

3. Remuneration for Senior Councillors

The Partnership does not provide any remuneration to senior councillors.
Expenses paid to Board members are detailed in note 18 to the annual accounts.

4. Management of Remuneration Arrangements

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

5. Officers Remuneration

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

Remuneration Bands	2025/26	2024/25
£50,000 - £54,999	0	1
£55,000 - £59,999	3	2
£60,000 - £64,999	1	0
£65,000 - £69,999	0	1
£95,000 - £99,999	0	1
£105,000 - £109,999	1	0

6. Senior Employees Remuneration

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

Name and Post Title	Salary, Fees and Allowances £	Total Remuneration 2025/26 £	Total Remuneration 2024/25 £
Brian Butler - Partnership Director	105,282	105,282	98,712
	105,282	105,282	98,712

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

7. Senior Employees Pension Entitlement

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

Name and Post Title	In-year pension contributions			Accrued pension benefits	
	2025/26 £	2024/25 £		As at 31 March 2026 £'000	Difference from 31 March 2025 £'000
Brian Butler - Partnership Director	28,075	25,923	Pension	7	2
			Lump Sum	0	0
	28,075	25,923			

The South East of Scotland Transport Partnership (SESTRAN)

REMUNERATION REPORT *(continued)*

8. Pension Entitlement

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

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

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

The tiers and members contributions rates for 2025-26 were as follows:

	Contribution rate
Whole Time Pay	
On earnings up to and including £27,500 (2024/2025 £27,000)	5.50%
On earnings above £27,501 and up to £33,600 (2024/2025 £27,000 to £33,000)	7.25%
On earnings above £33,601 and up to £46,100 (2024/2025 £33,000 to £45,300)	8.50%
On earnings above £46,101 and up to £61,400 (2024/2025 £45,300 to £60,400)	9.50%
On earnings above £61,401 (2024/2025 £60,400)	12.00%

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

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

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

9. Exit Packages

No exit packages were paid in both 2025/26 and 2024/25, including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

Chair of Partnership

Board: SALLY PATTLE _____ Date signed :

Partnership Director:

BRIAN BUTLER _____ Date signed :

The South East of Scotland Transport Partnership (SESTRAN)

MOVEMENT IN RESERVES STATEMENT

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

2024/25 - Previous Year Comparative

	Usable Reserves		Unusable Reserves	Total Partnership Reserves
	General Fund Balance	Total Usable Reserves		
	£'000	£'000	£'000	£'000
Opening Balances at 1 April 2024	428	428	175	603
Movement in reserves during 2024/25				
Surplus or (Deficit) on Provision of Services	107	107	0	107
Other Comprehensive Expenditure and Income	0	0	(31)	(31)
Total Comprehensive Expenditure and Income	107	107	(31)	76
Adjustments between accounting basis & funding basis under regulations (Note 7)	34	34	(34)	0
Increase/Decrease in 2024/25	141	141	(65)	76
Balance at 31 March 2025 carried forward	569	569	110	679

2025/26 - Current Financial Year

	Usable Reserves		Unusable Reserves	Total Partnership Reserves
	General Fund Balance	Total Usable Reserves		
	£'000	£'000	£'000	£'000
Opening Balances at 1 April 2025	569	569	110	679
Movement in reserves during 2025/26				
Surplus or (Deficit) on Provision of Services	(147)	(147)	0	(147)
Other Comprehensive Expenditure and Income	0	0	(67)	(67)
Total Comprehensive Expenditure and Income	(147)	(147)	(67)	(214)
Adjustments between accounting basis & funding basis under regulations (Note 7)	(21)	(21)	21	0
Increase/Decrease in 2025/26	(168)	(168)	(46)	(214)
Balance at 31 March 2026 carried forward	401	401	64	465

The South East of Scotland Transport Partnership (SESTRAN)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2025/26

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

2024/25				2025/26		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Services	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
858	(5)	853	Core	845	0	845
5,213	(5,197)	16	Projects	6,801	(6,534)	267
6,071	(5,202)	869	Cost Of Services	7,646	(6,534)	1,112
165	(208)	(43)	Financing & Investment Income (Note 9)	206	(238)	(32)
0	(933)	(933)	Taxation and Non-Specific Grant Income (Note 10)	0	(933)	(933)
6,236	(6,343)	(107)	(Surplus) or Deficit on Provision of Services	7,852	(7,705)	147
			Other Comprehensive Income and Expenditure			
0	(4)	(4)	Change in Demographic Assumptions	16	0	16
0	(474)	(474)	Change in Financial Assumptions	0	(111)	(111)
466	0	466	Changes in the effect of the asset ceiling	254	0	254
0	(28)	(28)	Other Experience	25	0	25
71	0	71	Return on Assets excluding amounts included in net interest	0	(117)	(117)
537	(506)	31	Total Other Comprehensive Income and Expenditure	295	(228)	67
6,773	(6,849)	(76)	Total Comprehensive Income and Expenditure	8,147	(7,933)	214

The South East of Scotland Transport Partnership (SESTRAN)

BALANCE SHEET

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

31 March 2025 £'000		Note	31 March 2026 £'000
152	Property, plant and equipment	11	105
0	Other long-term assets (Pensions)	23	0
152	Long term assets		105
2,212	Short-term debtors	13	3,182
1,327	Cash and cash equivalents	14	766
3,539	Current assets		3,948
(3,001)	Short-term creditors	15	(3,582)
(3,001)	Current liabilities		(3,582)
(11)	Property Lease	22	(6)
(11)	Long-term liabilities		(6)
679	Net assets/ (liabilities)		465
	Financed by:		
569	Usable reserves	16	401
110	Unusable reserves	17	64
679	Total reserves		465

The unaudited Annual Accounts were issued on the 12th June 2026.

The audited Annual Accounts were authorised for issue by Richard Lloyd-Bithell on 18th September 2026

Treasurer: RICHARD LLOYD-BITHELL, CPFA

Date signed: _____

The South East of Scotland Transport Partnership (SESTRAN)

CASH FLOW STATEMENT

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

31 March 2025 £'000	31 March 2025 £'000		31 March 2026 £'000	31 March 2026 £'000
		OPERATING ACTIVITIES		
(3,730)		Government Grants	(6,267)	
(176)		Constituent Council Requisitions	(190)	
(5)		Interest paid/ (received)	(44)	
(1,470)		Other receipts from operating activities	(186)	
	(5,381)	Cash inflows generated from operating activities		(6,687)
768		Cash paid to and on behalf of employees	829	
3,513		Cash paid to suppliers of goods and services	6,401	
	4,281	Cash outflows generated from operating activities		7,230
	(1,100)	Net cash flows from operating activities		543
		INVESTING ACTIVITIES		
1		Purchase of property, plant and equipment	18	
0		Proceeds from the sale of property, plant and equipment	0	
	1	Net cash flows from investing activities		18
		FINANCING ACTIVITIES		
0		Other receipts from financing activities	0	
	0	Net cash flows from financing activities		0
	(1,099)	Net (increase)/ decrease in cash and cash equivalents		561
	228	Cash and cash equivalents at the beginning of the reporting period		1,327
	1,327	Cash and cash equivalents at the end of the reporting period (Note 14)		766

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

1.1 Accounting Policies

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

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

1.2 Revenue Expenditure

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

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

1.3 Revenue Income

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

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

1.4 Accruals of Expenditure and Income

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

1.5 Leases

a) Right of Use Assets

Leased-in assets

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

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

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

Leased-out assets

The Partnership has not identified any leased-out assets that fall under the definition of a Right of Use Asset.

b) Leases

Leased-in assets

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

Leased-out assets

The Partnership has not identified any assets that fall under the definition of a lease.

1.6 Overheads

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

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

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

1.8 Employee Benefits

Pensions

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

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES (*continued*)

1.8 Employee Benefits (*continued*)

Pensions (*continued*)

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

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

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

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

Accruals of Holiday Leave

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

1.9 Non Current Assets

Property, Plant and Equipment

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

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

Recognition

- Expenditure lower than £10,000 on individual assets is charged to revenue.

Measurement:

- Assets under construction are initially measured at historic cost, comprising their purchase price and any costs attributable to bringing the assets into use for their intended purpose.
- All other classes of property, plant and equipment are measured at fair value.
Vehicles, plant, furniture and equipment - fair value is the amount equivalent to depreciated historical cost for short life and/or low value assets. For assets with longer lives and/or high values, fair value is the amount that would be paid for the asset in its existing use or depreciated replacement cost for specialised /rarely sold assets where insufficient market based evidence exists.
- Surplus assets - fair value is the price that would be paid for an asset in its highest and best use.

Depreciation

- Depreciation is provided on all property, plant and equipment except assets under construction.
- The Partnership depreciates its non-current assets in the year of acquisition. The Partnership operates a five-year rolling revaluation programme for assets and provides for depreciation on a straight-line basis on the opening book value plus the cost of acquisitions and enhancements during the year over the remaining useful life of the asset.
- The charge to the Comprehensive Income and Expenditure Statement for the year is impacted by changes in asset value during the year arising from enhancements but not revaluation.

De-recognition

- An asset is de-recognised either on its disposal, or where no future economic benefits or service potential are expected from its use or disposal.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES (*continued*)

1.9 Non Current Assets (*continued*)

Intangible Assets

Recognition

- Intangible assets are non-current assets that have no physical substance but are identifiable and controlled by the Partnership and it can be established that there is an economic benefit or service potential associated with the item which will flow to the Partnership. This expenditure is mainly in relation to the purchase of software licenses. Expenditure on the acquisition, creation or enhancement of intangible assets is capitalised on an accruals basis.

Measurement

- Intangible assets are initially measured at cost and included in the Balance Sheet at net historical cost.

Depreciation

- In most cases intangible assets are depreciated over the period of the licence. Where the period of the licence is deemed 'infinite' the software is depreciated based on an assessment of expected useful life.
- Depreciation is calculated using the straight-line basis on the opening book value over the remaining useful life of the asset.

1.10 Government Grants and Other Contributions

Revenue

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

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

Capital

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

Where there are no conditions attached to capital grants and contributions, these funds are a reconciling item in the Movement in Reserves Statement by way of an adjusting transaction with the capital adjustment account where expenditure has been incurred and the unapplied capital grants account, where expenditure has not been incurred. Where there are outstanding conditions attached to capital grants and contributions that have not been met by the Balance Sheet date, the grant or the contribution will be recognised as part of capital grants in advance. Once the condition has been met, the grant or contribution will be transferred from capital grants received in advance and recognised as income in the Comprehensive Income and Expenditure Statement.

1.11 Provisions

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

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

1.12 Reserves

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

The Partnership operates the following unusable reserves:

a) Pension Reserve

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

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES (*continued*)

1.12 Reserves (*continued*)

b) *Capital Adjustment Account*

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

c) *Accumulated Absences Account*

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

1.13 Financial Instruments

Financial Assets

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

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

1.14 Cash and Cash Equivalents

Cash and cash equivalents include:

- Credit and debit funds held in banks

1.15 Contingent Liabilities

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

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

1.16 Value Added Tax

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

1.17 Events After the Reporting Period

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

Two types of events can be identified:

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

1.18 Short Term Debtors and Short Term Creditors

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

1.19 Changes in Accounting Policies and Estimates and Errors

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

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

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

1.20 Going Concern

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

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

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

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets);
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);
- Annual improvements to IFRS accounting standards – Volume 11;
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

For the standards introduced by the 2026/27 Code, there is currently no information known on the potential impact that application of the new standards will have on the Partnership's financial statements.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

The critical judgements made in the Annual Accounts are:

- There is high degree of uncertainty about future levels of funding for local government. The Partnership has determined that this uncertainty is not yet sufficient to provide an indication that the Partnership's assets might be impaired as a result of a need to reduce service provision;
- Section 37 confirmations (Virgin Media vs NTL Pension Trustees II Limited ruling) - the actuary to Lothian Pension Fund has made no additional allowance for this June 2023 legal judgement due to:
 - > the ruling only applying to the above-named private sector pension scheme;
 - > the legal judgement was subject to appeal and in August 2024, the Court of Appeal dismissed the appeal, with the original ruling standing;
 - > it is unknown whether there would be any potential remedy required to public service schemes;
 - > it is unknown what the impact of any potential remedy would be;
 - > The Department of Works and Pensions were asked by pension bodies to look at pragmatic solutions where schemes are unable to evidence historic section 37 confirmation;
 - > The government responded on 5 June 2025 that it will introduce legislation to deal with issues arising from the June 2023 legal judgement;
 - > The government notes that the "legislation will give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards" and that "scheme obligations will otherwise be unaffected";
 - > Legislation permitting to this issue was included in the government's Pension Scheme Bill (Amendments) tabled on 1 September 2025.
- Guaranteed Minimum Pension (GMP) equalisation / indexation treatment (Lloyds' ruling). The actuary has allowed for the impact of full GMP indexation in the calculation of the latest funding valuation results. The Employer's funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance for full GMP indexation is included in the disclosure;
- GMP equalisation – historical transfers (Further Lloyd's ruling) - the actuary has advised that this further ruling is unlikely to have a significant impact on the pension obligations of a typical employer. The historic individual member data required to assess the impact is not readily available. As a result, no allowance has been made within the actuary's calculations at the Accounting Date;
- Local Government Pension Scheme (LGPS) - McCloud and Sargeant cases. The actuary has allowed for the McCloud judgement in the calculation of the latest funding valuation results. The Employer's funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance is included in the accounting disclosure;
- The Goodwin case judgement in respect of deemed discrimination in spousal transfer on death of a member may also result in the potential increasing of the pension liabilities. The actuary has previously carried out some approximate analysis across LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

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

The remedy is still uncertain. It is estimated the potential impact of this to be very small for a typical Fund (c0.1% of obligations). The actuary does not believe it is necessary or appropriate to make an adjustment to account for this at the moment, given the level of additional work and fees that would be involved for the Employer (and indeed the highly approximate nature of applying an unknown remedy);

- The Walker and O'Brien court cases may impact on future LGPS benefits. The Partnership's actuary understands these are unlikely to be significant judgements in terms of impact on the pension obligations of a typical employer. As a result, and until further guidance is released from the relevant governing bodies in the LGPS, no allowance has been made for the potential remedies for these judgements.

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

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

The items in the Partnership's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are:

4.1 Pension Asset/Liabilities

Uncertainties

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

Effect if Actual Result Differs from Assumptions

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

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

	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	47
1 year increase in member life expectancy	4%	102
0.1% increase in the Salary Increase Rate	0%	1
0.1% increase in the Pension Increase Rate (CPI)	2%	46

5. EVENTS AFTER THE BALANCE SHEET DATE

The unaudited Annual Accounts were authorised for issue on 12th June 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31st March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There were no events which took place after 31st March 2026 which would materially affect the 2025/26 Annual Accounts.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

6. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by the Partnership in comparison with those resources consumed or earned by the Partnership in accordance with general accounting practice. It also shows how this expenditure is allocated for decision making purposes between service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES) (see page 19).

Expenditure and Funding Analysis

	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES
2025/26	£'000	£'000	£'000
Core	864	(19)	845
Projects	267	0	267
Net Cost of Services	1,131	(19)	1,112
Other Income and Expenditure			
Government grant	(743)	0	(743)
Constituent council requisitions	(190)	0	(190)
Interest paid/ (received)	(30)	0	(30)
Interest on the effect of the asset ceiling	0	64	64
Net pension interest cost/ (income)	0	(66)	(66)
(Surplus) or deficit on the provision of services	168	(21)	147
	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES
2024/25	£'000	£'000	£'000
Core	820	33	853
Projects	16	0	16
Net Cost of Services	836	33	869
Other Income and Expenditure			
Government grant	(743)	0	(743)
Constituent council requisitions	(190)	0	(190)
Interest paid/ (received)	(44)	1	(43)
Interest on the effect of the asset ceiling	0	30	30
Net pension interest cost	0	(30)	(30)
(Surplus) or deficit on the provision of services	(141)	34	(107)

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

6. EXPENDITURE AND FUNDING ANALYSIS *(continued)*

Expenditure and Funding Analysis *(continued)*

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

	Adjusts. For Capital Purposes £'000	Net Change for Pensions Adjusts. £'000	Other Total Statutory Differences £'000	Adjusts. £'000
2025/26				
Core	41	(65)	5	(19)
Projects	0	0	0	0
Net Cost of Services	41	(65)	5	(19)
Other Income and Expenditure				
Interest on the effect of the asset ceiling	0	64	0	64
Net pension interest cost/ (received)	0	(66)	0	(66)
(Surplus) or deficit on the provision of services	41	(67)	5	(21)
	Adjusts. For Capital Purposes £'000	Net Change for Pensions Adjusts. £'000	Other Total Statutory Differences £'000	Adjusts. £'000
2024/25				
Core	52	(31)	12	33
Projects	0	0	0	0
Net Cost of Services	52	(31)	12	33
Other Income and Expenditure				
Interest paid/ (received)	1	0	0	1
Interest on the effect of the asset ceiling	0	30	0	30
Net pension interest cost	0	(30)	0	(30)
(Surplus) or deficit on the provision of services	53	(31)	12	34

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

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

6. EXPENDITURE AND FUNDING ANALYSIS *(continued)*

6.2 Segmental Analysis of Income included in Expenditure and Funding Analysis

	Core £'000	Projects £'000	Total £'000
2025/26			
Expenditure			
Employee expenses	687	138	825
Other service expenses	177	6,663	6,840
Total Expenditure	864	6,801	7,665
Income			
Government grants and other contributions	0	(6,534)	(6,534)
Total Income	0	(6,534)	(6,534)
Net Cost of Services	864	267	1,131

	Core £'000	Projects £'000	Total £'000
2024/25			
Expenditure			
Employee expenses	680	0	680
Other service expenses	145	5,213	5,358
Total Expenditure	825	5,213	6,038
Income			
Government grants and other contributions	(5)	(5,197)	(5,202)
Total Income	(5)	(5,197)	(5,202)
Net Cost of Services	820	16	836

6.3 Expenditure and Income Analysed by Nature

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

	31st March 2026 £'000	31st March 2025 £'000
Expenditure		
Employee expenses	763	661
Other service expenses	6,821	5,352
Depreciation, amortisation and impairment	62	58
Interest payments	206	165
Total Expenditure	7,852	6,236
Income		
Interest and investment income	(238)	(208)
Income from constituent councils	(190)	(190)
Government grants and other contributions	(7,277)	(5,945)
Total Income	(7,705)	(6,343)
(Surplus) or Deficit on the Provision of Services	147	(107)

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2025/26	Usable Reserves	Unusable Reserves			
	General Fund Balance	Capital Adjustment Account	Accumulated Absence Account	Pension Reserve	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the <u>Capital Adjustment Account</u>					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	55	(55)			(55)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Contributions credited to the CIES that have been applied to capital financing	(14)	14			14
Adjustments primarily involving the <u>Pensions Reserve</u>					
Reversal of items relating to retirement benefits debited or credited to the CIES	92			(92)	(92)
Employer's pension contributions and direct payments to pensioners payable in the year	(159)			159	159
Adjustments primarily involving the <u>Accumulated Absence Account</u>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	5		(5)		(5)
Total Adjustments	(21)	(41)	(5)	67	21

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

(continued)

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

2024/25	Usable Reserves	Unusable Reserves			
	General Fund Balance	Capital Adjustment Account	Accumulated Absence Account	Pension Reserve	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Charges for depreciation and impairment of non-current assets	58	(58)			(58)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement (CIES)					
Contributions credited to the CIES that have been applied to capital financing	(5)	5			5
Adjustments primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	111			(111)	(111)
Employer's pension contributions and direct payments to pensioners payable in the year	(142)			142	142
Adjustments primarily involving the Accumulated Absence Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	12		(12)		(12)
Total Adjustments	34	(53)	(12)	31	(34)

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

8. TRANSFERS TO/FROM EARMARKED RESERVES

In accordance with the provisions of the Transport Scotland (2019) Act, the Partnership has agreed a Reserves Policy. An earmarked balance will be established to meet slippage on project delivery from 2025/26 to 2026/27.

9. FINANCING AND INVESTMENT INCOME

	2025/26 £'000	2024/25 £'000
Interest income on pension asset/liability	(208)	(165)
Interest Paid/ (Received)	(30)	(43)
Pensions interest cost	142	135
Interest on the effect of the asset ceiling	64	30
	(32)	(43)

10. TAXATION AND NON SPECIFIC GRANT INCOME

	2025/26 £'000	2024/25 £'000
Government Grant	(743)	(743)
Constituent Council Requisitions	(190)	(190)
	(933)	(933)

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Movements on balances:

Movements in 2025/26	Property Lease (Right of Use Asset)	Vehicles Plant and Equipment £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000
Cost or Valuation				
At 1st April 2025	21	431	11	463
Additions	0	14	0	14
Transfers	0	2	(2)	0
De-Recognised Assets	0	(82)	(4)	(86)
At 31st March 2026	21	365	5	391
Accumulated Depreciation				
At 1st April 2025	(5)	(306)	0	(311)
Depreciation charge	(5)	(50)	0	(55)
De-Recognised Assets	0	80	0	80
At 31st March 2026	(10)	(276)	0	(286)
Net Book Value				
At 31st March 2026	11	89	5	105

Gross Book Value of £0.086m were de-recognised with associated depreciated of £0.080m.
The assets had all reached the end of their useful operating life.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

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

11.2 Movements on balances:

Comparative Movements in 2024/25	Property Lease (Right of Use Asset)	RESTATED * Vehicles Plant and Equipment £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000
Cost or Valuation				
At 1st April 2024	0	839	11	850
Additions	21	0	0	21
De-Recognised Assets (restated)*	0	(408)	0	(408)
At 31st March 2025 (restated)*	21	431	11	463
Accumulated Depreciation				
At 1st April 2024	0	(661)	0	(661)
Depreciation charge	(5)	(53)	0	(58)
De-Recognised Assets (restated)*	0	408	0	408
At 31st March 2025 (restated)*	(5)	(306)	0	(311)
Net Book Value				
At 31st March 2025	16	125	11	152

* A prior year adjustment has been included in the accounts as a result of ongoing work to review the Sustran asset register and ensure the accounts accurately reflect that asset register. Cost of £68,000 and accumulated depreciation of £68,000 were derecognised for assets already derecognised prior to 24/25.

11.3 Depreciation

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

- Vehicles, plant and equipment: 4 - 5 years

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

11.4 Capital Commitments

As at 31st March 2026, the Partnership had no capital commitments.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

12. FINANCIAL INSTRUMENTS

12.1 Financial Instruments - Classifications

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

Financial Liabilities

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

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

- Trade payables for goods and services received.

Financial Assets

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

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

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

12.2 Financial Instruments - Balances

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

	Current	
	31st March 2026 £'000	31st March 2025 £'000
Trade creditors	1,589	1,253

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

	Current	
	31st March 2026 £'000	31st March 2025 £'000
Loans and receivables	3,655	3,261
Trade debtors	190	57
	3,845	3,318

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

12. FINANCIAL INSTRUMENTS *(continued)*

12.3 Financial Instruments - Fair Values

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

The fair values calculated are as follows:

Financial Liabilities	31 March 2026		31 March 2025	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	£'000	£'000	£'000	£'000
Trade creditors	1,589	1,589	1,253	1,253
Financial Assets	31 March 2026		31 March 2025	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	£'000	£'000	£'000	£'000
Loans and receivables	3,655	3,655	3,261	3,261
Trade debtors	190	190	57	57
	<u>3,845</u>	<u>3,845</u>	<u>3,318</u>	<u>3,318</u>

12.4 Income, Expenses, Gains and Losses

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

	31st March 2026 £'000	31st March 2025 £'000
Total expense and income in Surplus or Deficit on the Provision of Services:		
Interest Expense/ (Income)	(30)	(43)

13. DEBTORS

	31st March 2026 £'000	31st March 2025 £'000
Debtors:		
Central government bodies	2,889	1,934
Other local authorities	184	109
HM Customs and Excise - VAT	0	30
Other entities and individuals	109	139
	<u>3,182</u>	<u>2,212</u>

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

14. CASH AND CASH EQUIVALENTS

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

	31st March 2026 £'000	31st March 2025 £'000
Bank account	766	1,327
	<u>766</u>	<u>1,327</u>

15. CREDITORS

	Note	31st March 2026 £'000	31st March 2025 £'000
Central government bodies		0	(92)
Other local authorities		(2,361)	(2,032)
Other entities and individuals		(1,047)	(846)
Employee costs		(31)	(26)
Finance Lease obligations		(5)	(5)
Agency contribution in advance	25	(138)	0
		<u>(3,582)</u>	<u>(3,001)</u>

16. USABLE RESERVES

	31st March 2026 £'000	31st March 2025 £'000
16.1 Unallocated General Fund Reserve	243	221
16.2 Earmarked Balance - Project Budget slippage	158	348
	<u>401</u>	<u>569</u>

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

17. UNUSABLE RESERVES

	31st March 2026 £'000	31st March 2025 £'000
17.1 Capital Adjustment Account	95	136
17.2 Pension Reserve	0	0
17.3 Accumulated Absence Account	(31)	(26)
	<u>64</u>	<u>110</u>

17.1 Capital Adjustment Account

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

	2025/26 £'000	2024/25 £'000
Balance at 1st April	136	189
Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation and impairment of non-current assets	(55)	(58)
Net written out amount of the cost of non-current assets consumed in year	<u>81</u>	<u>131</u>
Capital financing applied in the year:		
• Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	14	5
Balance at 31st March	<u>95</u>	<u>136</u>

17.2 Pension Reserve

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

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

17. UNUSABLE RESERVES *(continued)*

17.2 Pension Reserve *(continued)*

	2025/26 £'000	2024/25 £'000
Balance at 1st April	0	0
Remeasurements of the net defined benefit liability	(67)	(31)
Reversals of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	(92)	(111)
Employer's pension contributions and direct payments to pensioners payable in the year.	159	142
Balance at 31st March	<u>0</u>	<u>0</u>

17.3 Accumulated Absence Account

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

	2025/26 £'000	2024/25 £'000
Balance at 1st April	(26)	(14)
Settlement or cancellation of accrual made at the end of the preceding year	26	14
Amounts accrued at the end of the current year	(31)	(26)
Balance at 31st March	<u>(31)</u>	<u>(26)</u>

18. MEMBERS EXPENSES

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

	2025/26 £'000	2024/25 £'000
Expenses	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

19. EXTERNAL AUDIT COSTS

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

	2025/26	2024/25
	£'000	£'000
Fees payable in respect of:		
• external audit services carried out by the appointed auditor for the year	13	13
	<u>13</u>	<u>13</u>

20. GRANT INCOME

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

	2025/26	Re-stated 2024/25
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Scottish Government - Revenue Grant	(743)	(743)
Constituent Council Requisitions (Note 21.3)	(190)	(190)
	<u>(933)</u>	<u>(933)</u>
Credited to Services		
Contribution - Fife Council	0	(1)
Contribution - Scotrail	(5)	(5)
Contribution - Scottish Borders Council	0	(1)
Contribution - Paths for All	0	(87)
Contribution - Stirling Communication Centre	(4)	(4)
Contribution - Scottish Government/ Transport Scotland	(6,479)	(5,084)
Contribution - West Lothian Council	0	(1)
Contribution - HITRANS	(14)	0
Contribution - NESTRANS	(1)	(3)
Contribution - SPT	(8)	(5)
Contribution - SWESTRANS	(2)	(2)
Contribution - TACTRAN	(26)	(7)
Contribution - ZETRANS	(1)	(1)
	<u>(6,540)</u>	<u>(5,201)</u>

Agency income has been removed from the Grant Income credited to services note, in accordance with the Code of Practice. For more information on agency transactions see note 25.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

21. RELATED PARTIES

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

21.1 Scottish Government

The Partnership receives grant-in-aid revenue funding through the Scottish Government. Grants received from the Scottish Government are set out in the subjective analysis in Note 20.

21.2 Members

Members of the Partnership have direct control over the Partnership's financial and operating policies. The total of members' expenses paid by the Partnership in 2025-26 is shown in Note 18.

21.3 Other Parties

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

	2025/26 Expenditure	2025/26 Income	2025/26 Debtor/ (Creditor)	2024/25 Net Expenditure	2024/25 Debtor/ (Creditor)
	£'000	£'000	£'000	£'000	£'000
Revenue Expenditure - Support Services				0	
City of Edinburgh Council - Financial and Clerking Services	42	0	0	42	0
Falkirk Council - HR Services	1	0	(1)	0	0
Revenue Expenditure - Interest on Revenue Balances					
City of Edinburgh Council	0	(30)	0	(44)	0
Revenue Expenditure - Grants/ Other					
City of Edinburgh Council	1,533	2	(1,149)	825	(919)
Clackmannanshire Council	135	0	(101)	212	(181)
East Lothian Council	176	1	(151)	162	(104)
Falkirk Council	121	0	106	84	(19)
Fife Council	569	2	(571)	319	(267)
Midlothian Council	131	0	(93)	105	(89)
Scottish Borders Council	461	1	(183)	458	(198)
Scottish Government/Transport Scotland	20	(6,479)	2,889	(4,979)	1,826
West Lothian Council	90	0	(53)	150	(152)
	3,236	(6,473)	694	(2,664)	(103)

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

21. RELATED PARTIES *(continued)*

21.3 Other Parties *(continued)*

	2025/26 Income £'000	2025/26 Debtor/ (Creditor) £'000	2024/25 Net Expenditure £'000	2024/25 Debtor/ (Creditor) £'000
Revenue Income - Requisitions				
Clackmannanshire Council	(6)	0	(6)	0
East Lothian Council	(13)	0	(13)	0
City of Edinburgh Council	(61)	0	(61)	0
Falkirk Council	(19)	0	(19)	0
Fife Council	(44)	0	(44)	0
Midlothian Council	(11)	0	(11)	0
Scottish Borders Council	(14)	0	(14)	0
West Lothian Council	(22)	0	(22)	0
	(190)	0	(190)	0
Revenue Income - Agency Income				
Clackmannanshire Council	0	0	(2)	0
Fife Council	0	0	(151)	0
Falkirk Council	(59)	0	(52)	0
Midlothian Council	(15)	15	0	0
Scottish Borders Council	0	0	(59)	0
	(74)	15	(264)	0

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

22. LEASES

Right of Use Asset

From 1st April 2024, the Partnership adopted IFRS 16 to recognise right of use assets. As a consequence, the Partnership's lease of office space at Victoria Quay, Edinburgh is included on the Partnership's balance sheet. The Right-of-use asset has been calculated as if IFRS 16 had always applied, but recognised in the year of adoption and not by adjusting prior year figures.

From 8th February 2016 the Partnership took occupancy of office space in Victoria Quay, Edinburgh, under the terms of a Memorandum of Terms of Occupation with the Scottish Government.

The Partnership is permitted to occupy the space until ended by either party giving notice under the terms of the Agreement.

	2025/26 £'000	2024/25 £'000
Office Accommodation - Victoria Quay, Edinburgh		
• Not later than 1 year	5	5
• Over 1 year	6	11
	<u>11</u>	<u>16</u>

Leases

Leases that do not meet the definition of a Right of Use Asset are accounted for as a lease.

At 31st March 2026, the Partnership has a contract with Ricoh UK Ltd to lease an office printer and a contract with O2 to lease ten SIM cards. As the low value lease exemption has been applied, these contracts are not measured as Right of Use Assets under IFRS16.

The Partnership's expenditure on lease payments during 2025/26 was £26,000 (2024/25 £24,000).

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

	2025/26 £'000	2024/25 £'000
Hire Bicycles, Bicycle Docks, Office Printer, SIM cards.		
• Not later than 1 year	26	24
• Over 1 year	45	62
	<u>71</u>	<u>86</u>

23. DEFINED BENEFIT PENSION SCHEMES

23.1 Participation in Pension Schemes

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

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

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

23. DEFINED BENEFIT PENSION SCHEMES *(continued)*

23.2 Transactions Relating to Post-employment Benefits

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

	2025/26 £000	2025/26 £000	2024/25 £000	2024/25 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	94	94	111	111
<i>Financing and investment income:</i>				
Net interest expense/ (income)	(66)		(30)	
Interest on the effect of the asset ceiling	64		30	
		(2)		0
Total post employee benefit charged to the surplus on the provision of services		92		111
<i>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</i>				
Remeasurement of the net defined liability, comprising:				
Return on pension assets, excluding the amount included in the net interest expense above	(117)		71	
Actuarial gains and (losses) arising on changes in financial assumptions	(111)		(474)	
Actuarial gains and (losses) arising on changes in demographic assumptions	16		(4)	
Restriction in Pension Asset	254		466	
Other experience	25		(28)	
		67		31
Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement		159		142
Movement in Reserves Statement				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		(67)		(31)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to the scheme		159		142
		159		142

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

23. DEFINED BENEFIT PENSION SCHEMES *(continued)*

23.3 Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2025/26 £'000	2024/25 £'000
Fair value of employer assets	3,973	3,541
* Restriction in Pension Asset	(1,424)	(1,106)
Present value of funded liabilities	(2,549)	(2,435)
Net asset/(liability) arising from defined benefit obligation	0	0

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

	2025/26 £'000	2024/25 £'000
Opening fair value of scheme assets	3,541	3,363
Interest income	208	165
Remeasurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	117	(71)
Contributions from employer	159	142
Contributions from employees into the scheme	42	36
Benefits paid	(94)	(94)
Closing fair value of scheme assets	3,973	3,541

Reconciliation of Present Value of the Scheme Liabilities

	2025/26 £'000	2024/25 £'000
Present value of funded liabilities	(2,435)	(2,753)
Present value of unfunded liabilities	0	0
Opening balance at 1st April	(2,435)	(2,753)
Current service cost	(94)	(111)
Interest cost	(142)	(135)
Contributions from employees into the scheme	(42)	(36)
Remeasurement gain / (loss):		
Change in demographic assumptions	(16)	4
Change in financial assumptions	111	474
Other experience	(25)	28
Benefits paid	94	94
Closing balance at 31st March	(2,549)	(2,435)

* International Accounting Standard 19 imposes a limit on the maximum amount of surplus which can be recognised on the balance sheet. This adjustment reduced the value of the Pension Asset to the restricted amount for 2024/25 and 2025/26.

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

23. DEFINED BENEFIT PENSION SCHEMES *(continued)*

23.5 Fair Value of Employer Assets

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

	2025/26		2024/25	
	£'000	%	£'000	%
Equity Securities:				
Consumer *	501.0	12.6	448.7	12.7
Manufacturing *	477.9	12.0	426.3	12.0
Energy and Utilities *	203.6	5.1	198.1	5.6
Financial Institutions *	239.5	6.0	197.7	5.6
Health and Care *	268.8	6.8	223.9	6.3
Information technology *	139.4	3.5	109.5	3.1
Information technology	0.1	0.0	0.1	0.0
Other *	254.2	6.4	238.6	6.7
Sub-total Equity Securities	2,084.5		1,842.9	
Debt Securities:				
Corporate Bonds (investment grade) *	65.6	1.7	0.0	0.0
Corporate Bonds (non-investment grade)	54.3	1.4	0.0	0.0
UK Government *	741.9	18.7	617.5	17.4
Other *	0.0	0.0	58.1	1.6
Sub-total Debt Securities	861.8		675.6	
Private Equity:				
All *	4.8	0.1	5.4	0.2
All	3.5	0.1	600.4	17.0
Sub-total Private Equity	8.3		605.8	
Real Estate:				
UK Property *	22.2	0.6	0.0	0.0
UK Property	143.4	3.6	133.2	3.8
Overseas Property *	8.2	0.2	0.0	0.0
Overseas Property	10.7	0.3	0.0	0.0
Sub-total Real Estate	184.5		133.2	
Investment Funds and Unit Trusts:				
Equities *	6.8	0.2	6.2	0.2
Bonds *	7.2	0.2	51.6	1.5
Bonds	0.0	0.0	60.6	1.7
Infrastructure	635.7	16.0	13.7	0.4
Other *	0.0	0.0	29.3	0.8
Sub-total Investment Funds and Unit Trusts	649.7		161.4	
Derivatives:				
Foreign Exchange *	0.0	0.0	0.7	0.0
Sub-total Derivatives	0.0		0.7	
Cash and Cash Equivalents				
All *	184.2	4.6	121.4	3.4
Sub-total Cash and Cash Equivalents	184.2		121.4	
Total Fair Value of Employer Assets	3,973.0		3,541.0	

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

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

23. DEFINED BENEFIT PENSION SCHEMES *(continued)*

23.6 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2026 were those from the beginning of the year (i.e. 31 March 2025) and have not been changed during the year.

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

Investment returns

- Total returns for the period from 1 April 2025 to 31 March 2026 9.0%

	2025/26	2024/25
Mortality assumptions - longevity at 65 for current pensioners:		
• Males	22.3 years	21.9 years
• Females	23.0 years	22.8 years
Mortality assumptions - longevity at 65 for future pensioners:		
• Males	22.4 years	22.1 years
• Females	25.7 years	25.6 years
Pension increase rate	3.00%	2.75%
Salary increase rate (see below)	3.70%	3.45%
Discount rate	6.30%	5.80%

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2026 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

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

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

23. DEFINED BENEFIT PENSION SCHEMES (*continued*)

23.7 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2027

	Assets £000	Obligations £000	Net (liability) / asset £000	% of pay
Projected current service cost	0	(87)	(87)	(14.8%)
Total Service Cost	0	(87)	(87)	
Interest income on plan assets	254	0	254	
Interest cost on defined benefit obligation	0	(162)	(162)	
Interest on the effect of the asset ceiling	0	0	(90)	
Total Net Interest Cost	254	(162)	2	
Total included in Profit or Loss	254	(249)	(85)	

The Partnership's estimated contribution to Lothian Pension Fund for 2026/27 is £158,000.

24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

Credit risk

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

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

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

The South East of Scotland Transport Partnership (SESTRAN)

NOTES TO THE ANNUAL ACCOUNTS

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

Liquidity risk

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

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

Refinancing risk

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

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

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

Market risk

Interest rate risk

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

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

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

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

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

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

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

Price risk

The Partnership does not invest in equity shares.

Foreign Exchange risk

As at 31 March 2026, the Partnership had no financial assets subject to foreign exchange risk.

The Partnership has no financial liabilities denominated in foreign currencies.

25. AGENCY ARRANGEMENTS

Through a Partnership procurement framework contract, the Partnership makes payment for the supply of Bus Passenger Transport Information system ICT equipment and recovers cost from other bodies. The Partnership has assessed the nature of these transactions to determine if it is acting as a Principal or Agent. Under the Code an Agent is acting as an intermediary, whereas a Principal is acting on its own behalf. In 2025/26, the Partnership entered into agency arrangements with Falkirk Council and Midlothian Council. The total income received and expenditure incurred of £0.074m is not included in the Comprehensive Income and Expenditure Statement. In addition, the Partnership received a contribution in advance of £0.138m from Falkirk Council on 31st March 2026 which related to 2026/27 agency expenditure, which is not included in the Comprehensive Income and Expenditure Statement.

The South East of Scotland Transport Partnership (SESTRAN)

PROPOSED INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of The South East of Scotland Transport Partnership for the year ended 31 March 2026 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the 2025/26 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the body as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2025/26 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 03 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard was not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

The South East of Scotland Transport Partnership (SESTRAN)

PROPOSED INDEPENDENT AUDITOR'S REPORT (Contd.)

Responsibilities of the Treasurer and The South East of Scotland Transport Partnership for the financial statements

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

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

The South East of Scotland Transport Partnership is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the body;
- inquiring of the Treasurer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Treasurer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

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

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

The South East of Scotland Transport Partnership (SESTRAN)

PROPOSED INDEPENDENT AUDITOR'S REPORT (Contd.)

Other information

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

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

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

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

In my opinion, based on the work undertaken in the course of the audit:

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

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Christopher Gardner FCPFA

Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Date: _____

FINANCE OFFICER'S REPORT

1. Introduction

- 1.1** This report presents the first update on the financial performance of the Partnership's Core and Projects budgets for 2026/27, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of July 2026.
- 1.2** The Partnership's Core and Projects budgets for 2026/27 were approved by the Partnership on 13th March 2026. The Projects budget was then revised to reflect reduced People and Place Programme (P&P) funding for 2026/27 and was approved on 19th June 2026.

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 £1,053,000. Details of the Core budget are provided in Appendix 1.
- 2.2** Cumulative expenditure for the four months to 31st July 2026 was £407,000. 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 currently projected that net expenditure for the year will be £22,000 less than budget, which is mainly due to recruitment to temporary staff posts occurring later than originally planned.

People and Place Programme (P&P)

- 2.5** Transport Scotland funding for 2026/27 was confirmed at £5.115m and is reflected in the revised budget approved by the Partnership Board on 19th June.
- 2.6** The latest P&P forecasts are detailed in Appendix 2. This also includes a proposed budget realignment which will add £416,017 to P&P grant income, and associated expenditure relating to 2025/26 'Q4+1' costs. Transport Scotland has approved these 'Q4+1' costs to be carried forward to 2026/27 to support funding of projects that are tied to the school term up until 30th June 2026. This allows uninterrupted delivery of school-based projects over the summer term, delivering enhanced behaviour change outcomes with no net budget impact on SEStran.

Transport to Employment Programme

- 2.7** The latest Transport to Employment programme forecasts are detailed in Appendix 2.
- 2.8** In July 2026, Transport Scotland informed RTPs that additional 2026/27 funding was to be made available to support delivery of the Transport to Employment programme, and the Partnership's share of this is £229,728.
- 2.9** A proposed budget realignment is detailed in Appendix 2 to reflect this increase in the grant award.

Workforce Mobility Project

- 2.10** The latest Workforce Mobility Project forecasts are detailed in Appendix 2.

Cash Flow

- 2.11** 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 2026	- 323,680
31 May 2026	+ 449,193
30 June 2026	+ 794,794
31 July 2026	+ 1,110,205

- 2.13** Interest is charged/paid on the monthly indebtedness between the Council and the Partnership. Interest will be calculated in March 2027.
- 2.14** The positive cash balance at 31st July 2026 is attributable to funding received from Scottish Government grants – principally the P&P programme grant.

Reserves

- 2.15** The Board's Reserves Policy recommends establishment of an unallocated General Fund Reserve based on a minimum value of 5% (£52,000) of the Partnership's core revenue budget. At 1st April 2026, the Partnership has an

unallocated General Fund Reserve of £243,000 (23% of the core budget). This higher figure is being retained to reflect the higher risks associated with the scale of the P&P programme.

2.16 An update of Financial Risks for 2025/26 is included at Appendix 3.

3 Recommendations

It is recommended that the Partnership:

3.1 Notes the current forecast underspend on the Core revenue budget of £22,000.

3.2 Notes the latest forecasts for the following Project budgets:

- PPP
- Transport to Employment Programme
- Workforce Mobility Project

3.4 Approves the re-alignment of the 2026/27 Projects budget to reflect:

- PPP - Transport Scotland funding for 2025/26 'Q4+1' grants of £416,107
- Transport to Employment Programme - Transport Scotland additional 2026/27 funding of £229,728

Richard Lloyd-Bithell

Treasurer

TBC September 2026

Appendix Appendix 1 – Core Budget Statement at 31st July 2026

Appendix 2 – Projects Budget as at 31st July 2026

Appendix 3 – Financial Risks 2026/27

Contact thomas.stokes@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 2026/27 – as at 31st July 2026

Appendix 1

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	640	213	222	710	70
National Insurance	86	29	30	102	16
Pension Fund	171	57	59	195	24
Project Recharges	(255)	0	(16)	(386)	(131)
Training, Conferences & Recruitment	10	2	2	10	0
	652	301	297	631	(21)
Premises Costs	25	6	0	25	0
Transport	5	2	0	5	0
Supplies and Services					
Comms & Computing	48	16	20	48	0
Printing & Office Supplies	7	2	1	7	0
Insurance	9	0	5	9	0
Equipment, Miscellaneous	4	1	3	4	0
	68	19	29	68	0
Governance & Support Services					
Finance, Legal & HR	38	0	0	38	0
Clerks Fees	12	0	0	12	0
External Audit Fees	12	0	0	12	0
Members Expenses	1	0	0	1	0
Contingency Provision	30	0	0	30	0
	93	0	0	93	0
Interest	(25)	0	0	(25)	0
Core Projects					
Regional Bus Action Plan	100	1	1	100	0
RTPI	20	20	20	20	0
Sustainable Travel	47	20	20	49	2
Projects Consultancy	20	12	12	17	(3)
Comms & Marketing	25	5	5	25	0
Electric Bike Scheme	23	23	23	23	0
	235	81	81	234	(1)
Total Gross Expenditure	1,053	409	407	1,031	(22)
Funding:					
Scottish Govt. Grant	(743)	(423)	(423)	(743)	0
Council Requisitions	(190)	(143)	(143)	(190)	0
Projects Reserve – Electric Bike Lease	(23)	0	0	(23)	0
Projects Reserve – Underspend 25/26	(97)	0	0	(97)	0
Total Funding	(1,053)	(566)	(566)	(1,053)	0

Appendix 2

People and Place Programme – Revised Budget 2026/27

	Budget	Realign- ment	Revised Budget	Forecast	Variance
	£	£	£	£	£
Staffing	228,000	7,315	235,315	189,922	(45,393)
RTPI – System Maintenance	23,500		23,500	35,500	12,000
Thistle Assistance	40,000		40,000	40,000	0
Regional Project Delivery	86,714		86,714	86,714	0
Local Authority Delivery Support	484,922		484,922	472,918	(12,004)
Regional Priority Investment Fund	2,054,576	408,702	2,463,278	2,663,068	199,790
Access to Cycles & Cycle Storage	1,871,947		1,871,947	1,717,554	(154,393)
Community Grant Fund	364,579		364,579	364,579	0
Contributions – RTPI and Thistle Assistance	(39,500)		(39,500)	(39,500)	0
Scottish Government Grant	(5,114,738)	(416,017)	(5,530,755)	(5,530,755)	0
	0	0	0	0	0

Transport to Employment Programme – Revised Budget 2026/27

	Budget	Realign- ment	Revised Budget	Forecast	Variance
	£	£	£	£	£
Staffing	196,678		196,678	196,678	0
Capacity and Capability	300,209		300,209	301,887	1,678
Working with School Communities	188,676		188,676	262,055	73,379
Transport to Larger Workplaces	755,700	75,000	830,700	915,700	85,000
Rural Transport to Work and Further Education	572,000	25,000	597,000	580,197	(16,803)
Local Employability Partnership	206,000		206,000	106,000	(100,000)
Transport 2 Healthcare Pilot Projects	320,000		320,000	320,000	0
Contingency	48,477	129,728	178,205	134,951	(43,254)
Scottish Government Grant	(2,587,740)	(229,728)	(2,817,468)	(2,817,468)	0
	0	0	0	0	0

Workforce Mobility Project – Revised Budget 2026/27

	Budget	Forecast	Variance
	£	£	£
Workforce Mobility Project	200,000	200,000	0
Scottish Government Grant	(200,000)	(200,000)	0
	0	0	0

Risk Description	Mitigation and Controls
Inflation There is a risk that the indicative budget does not adequately cover price inflation and increasing demand for services.	Ongoing monitoring and review of all costs and forecasts during 2026/27.
Delays in payment of grant by external funding bodies Resulting in additional short-term borrowing costs.	Grant claims submitted timeously and in line with conditions of grant award.
Pension Fund Contributions A deficit on the staff pension fund could lead to increases in the employer's pension contribution.	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.
Funding Reductions Reduction in funding from Scottish Government and/or council requisitions. 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.	Scottish Government grant and Council contributions are confirmed for 2026/27. Recruitment control and additional sources of external funding for activities aligned to the Partnership's objectives to supplement resources.

COUNCIL REQUISITIONS

1 INTRODUCTION

- 1.1 Since approval of the 'SEStran 2035 Regional Transport Strategy' (RTS) by Ministers in 2023, SEStran has developed and is delivering an exciting portfolio of regionally significant programmes on behalf of partners.
- 1.2 This progress has been underpinned by partnership working across all local authorities in the SEStran region, and feedback regularly demonstrates the benefits to council officers and local communities of cross-boundary coordination and collaboration. Partners have recognised the added value and additional opportunities provided by SEStran's work and have expressed a real enthusiasm for expanding the portfolio to tackle other regional challenges that also deliver local benefits.
- 1.3 In addition to transformational programmes such as the 'SEStran transit' regional mass transit network and the Regional Bus Strategy (RBS), SEStran also provides a number of ongoing services to partners, such as the provision and management of a regional real-time passenger information (RTPI) system, and the administration of Thistle Assistance, a nationally recognised scheme to help people with both visible and hidden disabilities to use public transport. These initiatives have recently been supplemented with leadership of the Workforce Mobility Project (WMP), in partnership with the Edinburgh and South East Scotland City Region (the City Region).
- 1.4 These services are being further enhanced with the addition of Podaris, a web-based transport planning, analysis and stakeholder engagement platform has been procured to support transport planning activities across the SEStran partnership area and provide a common environment for scheme development, mapping, analysis and engagement activities. Following requests from partners, we are also considering the introduction of a scheme to help partners to address critical gaps in their internal capabilities and / or capacities e.g. SEStran employing specialists to undertake key roles where individual councils cannot justify the expenditure on permanent staff, or are not able to pay market rates. Shared staff would be recharged to councils at cost, thereby avoiding the significantly marked up rates charged by consultants.
- 1.5 Some of the programmes we are delivering have ringfenced funding (e.g. SEStran transit and People and Place – see section 2), but most of our work is covered by our Core funding which has reduced massively in real-terms over recent years. Since Covid, we have largely used underspends carried forward from previous years to cover the massive inflationary increases caused by global pressures.
- 1.6 However, looking ahead to 2027/28, we no longer have this ability and require a significant increase in funding in order to address this historical imbalance and to guarantee that we can continue to deliver the RTS. Transport Scotland has made it

clear that RTPs should seek increased funding from member councils and not the Scottish Government.

- 1.7 Local authority budgets continue to be under significant pressure and the timing of this request is not ideal. There is never a good time to seek an increase in funding, but we are confident that the outcomes and benefits of our portfolio continue to represent excellent value for money. We are delivering a range of essential programmes, and partners benefit from the economies of scale presented by the regional delivery model. In addition, there is a significant multiplier effect between councils' annual investment in SEStran, and the amount SEStran invests in each council area in return.
- 1.8 While this represents a significant increase in long-term, sustainable funding from partners, it will enable SEStran to continue to deliver substantial value across south east Scotland. By providing greater certainty and maintaining capacity, the funding will help maximise the economic, social and environmental benefits of regional collaboration, ensuring that the advantages realised to date can be maintained and further developed in the years ahead.
- 1.9 If the model and quantum of funding are not changed, SEStran will no longer have the capacity to provide local authorities with current levels of support and coordination. It will also impact the delivery of regional transport priorities, the effective allocation of funding, coordination of community and behavioural change programmes, and the ability to achieve economies of scale through regional collaboration. It would also weaken the region's collective voice in advocating for the critical role that transport plays in supporting economic growth, investment, connectivity and wider national funding opportunities.

2 STATUTORY REMIT AND CURRENT PROGRAMME PORTFOLIO

- 2.1 Regional Transport Partnerships (RTPs) were established by the Transport (Scotland) Act 2005 (the Act). [Chapter 1 of Part 1 of the Act](#) relates to Regional Transport and any reference to sections of the Act can be accessed vis this link.
- 2.2 RTPs are statutory independent bodies corporate, which bring councils together to perform local government functions collectively and strategically over a larger area. SEStran is a partnership of 8 Councils: City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian.
- 2.3 SEStran is a 'model 1' RTP, meaning that its primary purpose is to develop an RTS. Although sections 10 and 14 of the Act allow SEStran to formally take on additional roles within the region, these have never actually been used. Despite this, in recent years, SEStran has transformed the way that it and partners work with each other across the region.

- 2.4 In 2023, SEStran and the City Region signed a Concordat (see Appendix 1) which aligned their transport objectives and committed the organisations to working transparently and collaboratively on all transport projects. A number of major projects have been initiated and managed under the Concordat, including the 'Collaborative Procurement of Electric Vehicle Charging Infrastructure' and the 'SEStran' regional mass transit network. Despite Clackmannanshire and Falkirk Councils not being part of the City Region, they have been and will continue to be fully involved in all SEStran projects.
- 2.5 SEStran is currently working collaboratively with partners to deliver the RTS and the current programme portfolio includes:
- 2.5.1 RTS Delivery Plan (RTSDP): Guided by the objectives of the RTS, the RTSDP will define the medium to long term transport interventions required to maximise the region's economic ambitions. The plan is being developed in close alignment with emerging regional land use planning, ensuring that future transport investment supports the safe, sustainable and efficient movement of people and freight across the region, and provides the foundations for inclusive and sustainable economic growth. All other programmes are derived from themes within the RTSDP.
- 2.5.2 People and Place programme (P&P): We know that car use has a number of significant negative consequences, including emissions that add to climate change, deaths and injuries through road collisions, illness and fatalities caused by pollution, major loss of economic productivity through congestion, and negative impacts on people's physical and mental health and wellbeing. P&P helps to address all of these challenges by supporting delivery partners to encourage people to replace car journeys with active and sustainable travel for daily journeys, with particular emphasis on schools, workplaces, inclusion, accessibility and building local capacity.
- 2.5.3 Regional Bus Action Plan (RBAP): Across the region, more journeys are made by bus than by any other form of public transport, but bus use has been falling consistently for a number of years. Tackling this and encouraging people to use the bus instead of driving will be essential to reducing the negative impacts of car use. The RBS sets out a shared vision to deliver the regular, reliable and affordable bus services that people tell us are essential to persuading them to make the switch. These improved bus services will also allow people in communities across the region to access jobs, education, healthcare and leisure activities. Informed by extensive public feedback, the RBS drives improvements in service quality, fares, ticketing, information and governance, with objectives focused on enhancing connectivity, affordability, and overall service standards.
- 2.5.4 Transport to Health (TtH): Many people across the region are not able to access essential healthcare appointments when and where they need them simply due to a lack of transport options. This can contribute to people becoming increasingly unwell before they receive care, and additional costs and lost capacity for healthcare services through missed appointments. Working closely with health boards and partners, this programme seeks to remove the transport barriers that prevent people

from accessing healthcare, improving health outcomes, enhancing patient experiences, creating operational efficiencies and cost savings across NHS Primary Care activities, and improving integration with other transport services.

- 2.5.5 Transport to Employment (TtE): Many factors contribute to child poverty, which the First Minister of Scotland has pledged to eradicate. These include a lack of transport options for parents to reach the jobs, education or training they need to increase household income. This programme will deliver a number of targeted interventions, in partnership with local authorities and third sector organisations, which aim to reduce child poverty by supporting employment and education opportunities. The programme focuses on increasing employment and training rates, lowering transport costs, and supporting integrated ticketing and bus network enhancements.
- 2.5.6 SEStran: A lack of transport options to get people to jobs, healthcare, education or leisure, and the congestion caused by car use, are both already significant problems throughout much of the region. South east Scotland is the fastest growing part of Scotland, with the 3 fastest growing local authorities, so these problems will become much worse unless we can significantly improve the transport network over the next few years. SEStran is the working name for a Mass Transit programme that will deliver many of the improvements targeted by the RTS. It is committed to providing faster, greener and more reliable transport connections. The initiative will develop integrated, high-capacity and sustainable mobility solutions, enabling seamless travel across the region and improving access to strategic housing, employment, health and education sites.
- 2.6 In addition, SEStran operates a number of regional and national programmes to the benefit of all regional partners.
 - 2.6.1 WMP forms part of the City Region's Employability Programme and has been supporting partners across the region to address transport-related barriers to employment through the use of innovative transport demand data and analytical techniques. Over the past six years, the project has established a robust evidence base and best practice approach that has informed more efficient and effective public transport networks, the introduction of new bus services, the development of strategic transport infrastructure investment plans and the promotion of transport's influence in land use planning and economic development.
 - 2.6.2 The success of the project has attracted national recognition, with Transport Scotland supporting the expansion of the approach as a pilot programme across all Scottish local authorities and RTPs during 2026/27. Since May 2026, the project has been led by SEStran in partnership with the City Region and Scottish Borders Council, ensuring continued regional coordination and delivery.
 - 2.6.3 Thistle Assistance is a nationally recognised scheme to help people with both visible and hidden disabilities to use public transport, and we manage this initiative on behalf of all RTPs across Scotland. The scheme has exceeded all expectations in 2025/26, with usage ballooning from previous levels due to the excellent efforts of the team.

- 2.6.4 We continue to support the rollout of Real-time Passenger Information (RTPI) screens across the region. These play a crucial role in journey planning and in improving the perception of safety when using public transport – because people know exactly when a bus will arrive at their stop.
- 2.7 The SEStran offering to partners is being further enhanced with the addition of a number of new benefits.
- 2.7.1 SEStran has procured a state-of-the-art transport modelling and stakeholder engagement package which will allow all partners to work on a common platform and will deliver direct savings of between £35k and £45k to all partners who choose to use it.
- 2.7.2 We are considering the introduction of a shared resourcing model to help partners to address critical gaps in their internal capabilities and / or capacities e.g. SEStran employing specialists to undertake key roles where individual councils cannot justify the expenditure on permanent staff, or are not able to pay market rates. Shared staff would be recharged to councils at cost, thereby avoiding the significantly marked up rates charged by consultants.
- 2.7.3 Building on the principles and success of the WMP, and the progress being made through the RTSDP and SEStran, the effective collection, management and use of data and intelligence is becoming increasingly important in informing transport decision-making and maximising the value of every pound of public investment. Robust evidence and analysis are essential to identifying priorities, targeting interventions and demonstrating the economic, social and environmental benefits of transport investment.
- 2.7.4 This has become even more important in light of the Scottish Government's Infrastructure Investment Plan, which requires transport investment proposals to compete alongside projects in sectors such as health, education and social care. Developing a strong evidence base and compelling business cases for transport investment will therefore be critical to ensuring that south east Scotland can secure the funding necessary to support sustainable economic growth, improve connectivity and deliver wider regional and national priorities.
- 2.7.5 Therefore, the continued role of SEStran as a regional facilitator, coordinator, delivery lead and trusted partner is critical to the future success of transport investment across south east Scotland. By bringing together partners, data, expertise and coordinating regional project delivery, SEStran supports the sharing of best practice, promotes consistent approaches across local authorities, and enables greater collaboration in the collection, analysis and application of regional intelligence. This collective approach strengthens the evidence base for investment decisions, improves

efficiency through shared learning and resources, and enhances the region's ability to secure funding and deliver strategic transport priorities

- 2.8 Work to support implementation of the RTS in the foreseeable future is likely to include programmes on:
- Decarbonisation
 - Freight
 - Rail

3 FUNDING

- 3.1 SEStran is primarily funded through a block grant from Transport Scotland and Council Requisitions (i.e. payments from its partner local authorities). This funding is from hereon referred to as Core funding.
- 3.2 This Core funding has usually been supplemented by additional ring-fenced funding e.g. funding from Transport Scotland for specific active travel or bus projects, European Union (EU) funding for specific research projects and, more recently, funding for active travel behaviour change, bus infrastructure funding (primarily to develop the Strategic Business Case for SEStran) and funding to address transport barriers to eliminating child poverty.
- 3.3 The block grant element of the Core funding is not required by legislation and, having remained at the same level for several years, was reduced by 5% in 2024/25. It has remained at this reduced level in the subsequent 2 financial years.
- 3.4 Rather than calculate the net expenses in the manner intended by the legislation, SEStran has historically aligned its projected expenditure for a given year with its anticipated funding for that year. Over the years, it has become standard practice to refrain from increasing Council Requisitions in recognition of the financial constraints facing constituent councils. The requisitions have been reduced on occasion, and expenditure has been reduced to reflect these reductions in funding.
- 3.5 This means that funding has reduced in absolute terms over the past two decades while costs have increased roughly in line with inflation. The net effect is a significant real-terms reduction in SEStran's spending power over that period.
- 3.6 By attempting to work within reduced budgets, or seeking funding to undertake work that was not directly aligned with partners' aspirations (e.g. EU funding for research projects), SEStran's delivery of the previous RTS slowed noticeably. For example, prior to approval of the current RTS in 2023, the City Region had identified the need for its own Regional Transport Masterplan to ensure that the region would have a transport system that would align with its land use strategy and enable its projected

economic growth. This misalignment of strategies between the SEStran region and City Region was addressed by agreeing the Concordat.

- 3.7 As a consequence of the Covid pandemic, it was not possible to fully spend the projects budget in 2020/21 and an earmarked underspend was carried forward. Although this has reduced since then, each year's annual budget has been supplemented by carrying forward an unspent balance from the previous year.
- 3.8 However, looking ahead from 2026/27, it will not be possible to deliver our programme portfolio without the proposed increase to the Council requisition element of the Core budget.
- 3.9 SEStran is not alone in this predicament. Transport Scotland is currently reviewing RTP funding, and has recently requested medium term financial projections from all RTPs. It is understood that these all show deficits within between 1 and 3 years.

4 THE FUNDING GAP

- 4.1 Appendix 2 shows that, since 2011/12, inflation, according to the Bank of England's Inflation Calculator, has been around 53%. Combined with reductions in absolute funding levels of 5% for the Transport Scotland grant and 16% for Council Requisitions, this has resulted in a reduction to SEStran's real-terms budget of around 60%. To have maintained the same purchasing power as in 2011/12, SEStran would have required funding of £1,536,376 in 2026/27. In reality, funding is £933,000 – a shortfall of £603,376.
- 4.2 The projected variance between the cost of delivering the current programme portfolio in 2027/28 and the assumed level of funding is -£257,335 (see Appendix 3). This is the amount which we require to be funded to continue implementation of the RTS at the current pace.
- 4.3 The requested increase is less than half of the level of funding that would have been available if investment in regional transport had kept pace with inflation. That it hasn't is understandably due to the financial constraints faced by the public sector over the past two decades, and partners are now asked to view the requested increase in relation to the benefits provided by SEStran.
- 4.4 SEStran's current programme and operational portfolios will:
- Actively support economic growth
 - Tackle the negative impacts of car use, which fall disproportionately on people in the most deprived areas.
 - Emissions that add to climate change
 - Deaths and injuries through road collisions

- Illness and fatalities caused by pollution
- Major loss of economic productivity through congestion
- Poor physical and mental health and wellbeing
- Encourage people to replace car journeys with active and sustainable travel for daily journeys, with particular emphasis on schools, workplaces, inclusion, accessibility and building local capacity
- Deliver a mass transit network that will integrate high-capacity and sustainable mobility solutions, enabling seamless travel across the region and improving access to strategic housing, employment, health and education sites.
- Encourage people to use the bus instead of driving in order to reduce the negative impacts of car use
- Remove the transport barriers that prevent people from accessing the healthcare they need, when and where they need it, thereby improving health outcomes for people across the region and delivering operational efficiencies and cost savings across NHS Primary Care activities
- Help to reduce child poverty by providing access to employment and training, lowering transport costs, and supporting integrated ticketing and bus network enhancements
- Ensure that future transport investment supports the safe, sustainable and efficient movement of people and freight across the region, and provides the foundations for inclusive and sustainable economic growth
- Establish south east Scotland as a leader in transport data and intelligence, supporting robust evidence-based decision-making, securing investment and delivering improved outcomes for communities, businesses and the economy.

4.5 Without the additional funding requested, these benefits will have to be pared back or delayed.

5 PROPOSED FUNDING MECHANISM

5.1 It is proposed to address this funding gap by amending the process by which annual funding is agreed. This would ensure that the portfolio of programmes devised by SEStran to implement the RTS will deliver value for money and is aligned with partners' expectations. From this year onwards, the proposed portfolio, costs, assumed non-Council funding levels and requested funding from Council partners for the following financial year, will be presented to the Partnership Board's second quarterly meeting for that financial year, usually the September meeting.

5.2 As has been the case with this report, in future years SEStran officers will work closely with Council officers, both collectively and individually, to build the proposal prior to presenting it to the Partnership Board.

- 5.3 If approved by the Board at these meetings, SEStran will write to the relevant lead officer at each partner Council requesting the required level of funding for the following year. When appropriate processes with partner councils have been completed, the full budget and portfolio for the following year will be presented – in the form of the annual Business Plan – to the Board at the fourth quarterly meeting for that year, usually in March.
- 5.4 For 2027/28, the requested funding from each council, based on the 2026/27 pro-rata split of the projected variance between the cost of delivering the current programme portfolio and the assumed level of funding is as follows:

Local Authority	Current Requisition level	Requested increase	Proposed revised Requisition
City of Edinburgh	£61,630	£83,471	£145,101
Clackmannanshire	£6,052	£8,197	£14,249
East Lothian	£13,376	£18,116	£31,492
Falkirk	£18,584	£25,170	£43,754
Fife	£43,522	£58,946	£102,468
Midlothian	£11,599	£15,710	£27,309
Scottish Borders	£13,585	£18,399	£31,984
West Lothian	£21,652	£29,325	£50,977
Total	£190,000	£257,335	£447,335

6 RECOMMENDATIONS

It is recommended that the Performance and Audit Committee:

- 6.1 Endorses the proposed methodology for calculating the level of funding to be requested from council partners for the following financial year
- 6.2 Note that the Partnership Board will be asked to approve the level of funding to be requested from each Council for 2027/28 at its meeting on 25 September.

Brian Butler
Partnership Director
25th August 2026

Appendix 1: Concordat between SEStran and Edinburgh & South East Scotland City Region Partnership
Appendix 2: Impact of annual funding and inflation on real terms budget available to SEStran
Appendix 3: Projected Variance

Policy Implications	There are no direct policy implications of this work although, if the proposal is approved, a strategy will be produced to guide budget development in future years.
Financial Implications	This proposal has significant financial implications. If approved, implementation of the RTS will continue at pace. If rejected, the plan for 2027/28 will require significant rework and delivery of the RTS will inevitably be slowed down.
Equalities Implications	Approval of the proposal will result in faster realisation of positive equalities outcomes. Rejection may mean that some of these benefits are delayed or not realised.
Climate Change Implications	Approval of the proposal will result in faster realisation of our climate change benefits. Rejection may mean that some of these benefits are delayed or not realised.



**Concordat
between
SEStran and
Edinburgh &
South East
Scotland City
Region
Partnership**

December 2025

About SEStran

The South East of Scotland Transport Partnership (SEStran) is the statutory Regional Transport Partnership for the South East of Scotland. SEStran encompasses eight local authorities: City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian.

SEStran has the statutory function of producing the [Regional Transport Strategy](#) (RTS) and measuring and monitoring its implementation. It also works with constituent Councils and partner Health Boards who have a duty to perform their functions in such a way as to be in line with the RTS.

Further information on SEStran, including Governance, Key projects, meeting notes, and strategies can be found at <https://sestran.gov.uk/>

About the Edinburgh & South East Scotland City Region Partnership (ESESCR)

The ambitious [ESES](#) City Region Deal identifies collaborative ways that partners will work with the UK and Scottish Governments to deliver transformational change to the city region's economy.

In August 2018, the UK and Scottish Governments committed to jointly investing £600 million through five themes: innovation, skills, transport, housing and culture, and regional partners are committed to adding in excess of £900 million. This represents a Deal now worth £1.5 billion, with a successful track record of delivering regional programmes and projects and associated benefits.

Further information on the Deal and its progress can be found on the [City Region Deal website](#).

About the ESESCR Regional Prosperity Framework

Building on the ESES City Region Deal, a [Regional Prosperity Framework](#) (RPF) was published in September 2021. This is the next phase of the development of the regional economy, building upon the City Region Deal. It is designed to be a single document that helps to shape where public and private investment, could make the best contribution to drive the region forward in a sustainable and inclusive manner. The RPF Delivery Plan was published in March 2023.

The Regional Transport Strategy Delivery Plan is a priority project within the RPF Delivery Plan. It supports delivery of the Regional Transport Strategy and provides clarity on transport investment required to maximise RPF ambitions. As Clackmannanshire and Falkirk are part of SEStran but not the ESES City Region partnership, their individual economic priorities have been incorporated into the transport assessment process.

The RPF and its Delivery Plan and the latest impacts document can be found on the [RPF website](#).

Transport Priorities

The second [Strategic Transport Projects Review](#) (STPR2) is informing the Scottish Government's transport investment programme in Scotland over the 20 years 2022-2042 and it helping to deliver the vision, priorities and outcomes for transport set out in the [National Transport Strategy](#) (NTS2). It is important to note that despite being an ambitious plan for the next 20 years, STPR2 is not a funded plan.

While STPR2 relates to infrastructure across Scotland that is owned and operated by Transport Scotland it does not encompass the significant transport assets and services under local authority control. Therefore, a comprehensive RTS Delivery Plan is needed to complement STPR2, by identifying and prioritising regional transport investment that will directly support the economic, social, healthcare and educational ambitions of the South East of Scotland.

1. Introduction

This Concordat demonstrates the commitment between SEStran and the ESES City Region partnership to work together in support of further integrating economic development, transport and land use planning and delivery in the ESES city region.

It sets out how both bodies will align their activities to ensure that regional plans can deliver shared outcomes through targeted transport interventions. It also describes how new transport interventions will progress, from strategy to delivery, through the appropriate governance structure(s), depending on the activity.

This approach also supports land use decisions which support [the National Planning Framework 4](#) Vision and Spatial Development Strategy as this will:

- limit dependency on motorised transport;
- encourage increased levels of active travel;
- encourage increased levels public transport patronage;
- maximise the use of existing transport networks;
- facilitate local living and the adoption of 20min neighbourhoods; and
- deliver an infrastructure-first approach to new investment and development.

Effective leadership is also required at all levels of policy and decision making to ensure that economic development and transport investment is well planned and integrated in support of the outcomes of the above approach. SEStran and ESES City Region partners are committed to the following:

- a shared vision for integrating economic development, land-use and transport planning and provision;
- the joint aspirations of inclusive economic growth and climate action;
- areas of joint working (see Section 3); and
- principles of partnership (see Section 4).

SEStran and ESES City Region partners recognise significant benefits in collaborative working between Regional Transport Partnerships. Cross-regional coordination is essential to address shared challenges and deliver programmes or projects that have or would benefit from cross or pan regional co-ordination.

The [assessment of transport governance](#), carried out by Jacobs for Transport Scotland in 2019 favoured an option that gives the regions more authority, as the best way to make positive outcomes to people's lives.

a) Shared Vision for Integrated Economic, Land-Use and Transport Planning and Provision

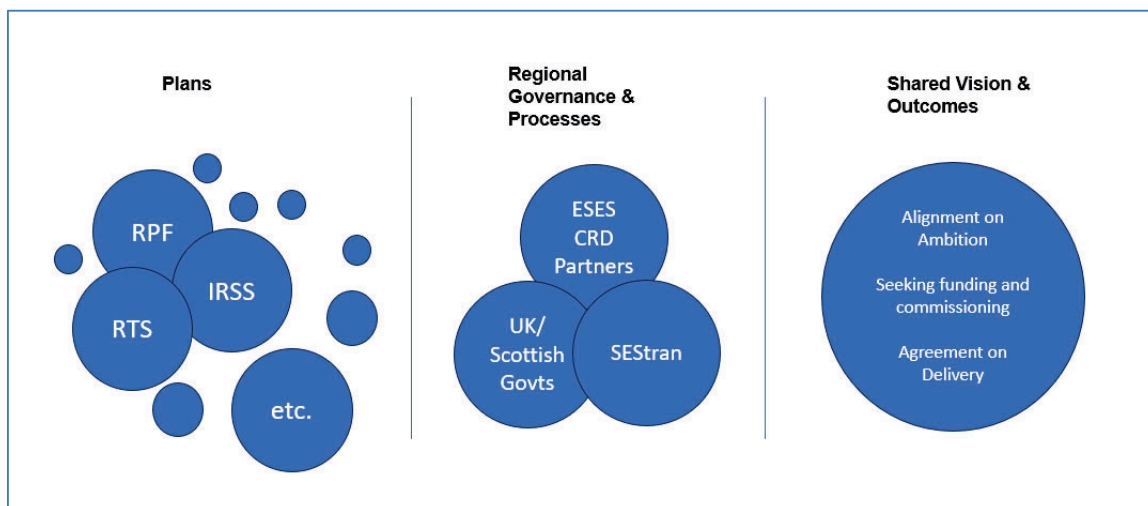
"Through strengthened collaboration, joint working, co-production and engagement, SEStran and ESES City Region partners, in partnership with others, will seek to ensure a robust basis for integrated regional economic development, land-use and transport planning and procurement and, ensuring Edinburgh and South East Scotland fulfils its potential as Scotland's foremost city region."

b) Joint Aims (Why align better?)

Since August 2023, SEStran and ESES City Region partners have been collaborating through established governance structures, strengthening regional partnerships, and optimising resources to drive successful outcomes. Joint working has mostly taken place through two regional projects:

- Development of the RTS Delivery Plan
- Development of a shared approach to regional EV charging procurement to expand the on-street network.

The aim is to better align regional plans and strategies, governance structures and processes to deliver a shared vision and outcomes, and, where possible, appropriate and subject to agreement by all relevant parties, to pool resources and funding for more effective and efficient delivery. Councils will be required to consider individual policy and budgetary implications in line with wider regional ambitions in resourcing programme and project development. This is summarised in the graphic below:



2. Context

a) Governance

Both bodies have different governance structures in place and operate across different geographies. In that context the partnership working enabled by the Concordat is working to maximise positive outcomes:

- The ESES City Region area comprises the administrative boundaries of the City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian council areas, which broadly reflect the core of Edinburgh's functional housing and labour market areas;
- The SEStran region covers this same area and also includes Falkirk and Clackmannanshire council areas that have a close functional relationship with one another as well as the wider SEStran area and beyond.

This concordat is a framework for a continued way of working that explains the practicalities of 'why, what, who, where, when and how' we could work together to help align governance, engagement, decision making and delivery of shared ambitions.

Since the concordat was agreed in September 2023, no additional resource requirements have emerged for SEStran or ESES City Region partnership, and no further resources are anticipated in the future. Instead, the concordat aims to optimise the use of existing resources. Should additional resources become available, for instance through successful funding bids, these will be allocated to all relevant partners.

The geographies and governance structures of both bodies can be found at these links:

- Edinburgh and South East Scotland City Region: <https://esescityregiondeal.org.uk/about-us>
- SEStran <https://sestran.gov.uk/about-us/>

b) Strengths

Edinburgh and South East Scotland City Region Partnership

Scope: The governance structure for the Edinburgh and South East Scotland City Region partnership is well-established and addresses a broad range of interconnected, place-based themes, including Innovation, Employability and Skills, Transport, Culture, and Housing. It fosters collaboration across these areas to achieve collective outcomes.

Representation: The existing governance structure ensures that the right stakeholders are involved at every level, providing a solid foundation for collaboration, engagement, and effective delivery. It enables alignment with national, regional, and local policy priorities, addressing a wide range of issues.

Since the Deal's signing in 2018, local authorities and key stakeholders, including Government agencies, have successfully worked together to deliver projects across the Deal's five themes. One of these themes, Transport, is overseen by the Transport Appraisal Board (TAB), which includes representatives from local authorities, SEStran, the HE/FE sector, and Transport Scotland. The Deal's governance structure reflects a broad range of stakeholder interests and ambitions, providing a strong platform for a unified regional voice. Importantly, while collaboration is central, the sovereignty of each local authority, along with other public, private, and third sector organisations, remains intact. The success of this framework lies in how these parties engage and collaborate, allowing for aligned yet autonomous decision-making across all bodies involved.

Adaptability: The structure is broad and flexible enough to adapt to both an expanded scope of planned activities and the rapid emergence of new challenges. Two key examples within the transport theme, developed by the TAB, illustrate this adaptability: the delivery of the Bus Priority Rapid Deployment Fund in 2020, the successful coordination of a bid for the Bus Partnership Fund in 2021 and Bus Infrastructure Fund in 2024

Long-Term: This structure serves as a direct channel to both the UK and Scottish Governments for Deal-related activities through to the Deal's conclusion in 2033, and further supports the delivery of the Regional Prosperity Framework extending to 2041

South East of Scotland Transport Partnership (SEStran)

The SEStran 2035 [Regional Transport Strategy](#) (RTS) was approved by Ministers in March 2023, providing a strategic framework for transport in the southeast of Scotland area covered by the eight partner local authorities. SEStran is now collaborating with partners to implement the RTS and is currently developing an RTS Delivery Plan with ESES City Region partners. This plan aims to:

- Align local transport strategies with the Regional Transport Strategy,
- Prioritise regional schemes that support economic ambition,
- Connect strategies and plans across local authority boundaries, and

- Pilot innovative solutions.

SEStran are leveraging their strengths to develop a range of strategies and initiatives to support its partners in delivering the RTS. These include:

- A regional bus strategy, incorporating mass rapid transit and demand responsive transport (DRT);
- A regional EV charging strategy, which includes market analysis following the dissolution of ChargePlace Scotland,
- A regional freight study
- The development and rollout of a regional, and eventually national, journey planning app, integrating DRT,
- The establishment of a shared resource forum.

As a Regional Transport Partnership, SEStran is ideally positioned to incubate and test innovative approaches in both urban and rural transport settings, such as Mobility as a Service (MaaS), DRT, and sustainable logistics pilots.

As the statutory body for regional transport planning and delivery, SEStran has a direct reporting relationship with the Scottish Government via Transport Scotland. and to the UK Government via the Department for Transport on UK transport policy initiatives and regulations.

3. Complementary Working

a) Commitments

SEStran and ESES City Region partners are committed to the following in seeking to deliver the Shared Vision:

1. Regular dialogue to understand each other's policy, planning, strategy, and delivery perspectives.
2. Delivery of projects through the appropriate governance models (SEStran or City Region Deal), while taking every opportunity for collaborative delivery to maximise the efficiency and effectiveness of existing structures/forums.
3. Working closely and collaboratively on policy, planning, strategy research, analysis issues which are of strategic importance to both.
4. An open exchange of information during joint working, respecting any confidentiality required by either party.
5. Developing a set of desired outcomes from the planning process as it relates to integrated land-use and transport planning and provision for the city region.
6. Building on current and previous studies, plans and strategies to identify future economic development, land-use and transport integration solutions for the city region, in partnership with UK Government, Scottish Government, Transport Scotland and other key agencies as required.
7. Identifying policies, actions and interventions which are based on a joint understanding of the development requirements of the city region which support the visions of the relevant economic strategies, the emerging Regional Spatial Strategy and RTS.
8. Undertaking mutually beneficial joint economic development, transport and land-use modelling, research and analysis, and transport network modelling which will inform future planning and policy decisions in the city region.
9. Where appropriate and agreed, jointly lobby external organisations on matters of mutual interest in respect of economic development, transport and related legislative and governance arrangements at a regional dimension.

b) Delivery (How?)

To establish a coordinated regional approach, where planning, transport, and housing align with the Regional Prosperity Framework and Regional Transport Strategy in terms of content, direction, and governance, a clear process is defined for implementing related transport interventions.

However, whenever appropriate, a blended delivery approach is being used to maximise the strengths of each governance model. This approach: enables access to regional knowledge and decision-making; streamlines delivery; enhances regional opportunities; and ensures unified engagement with both governments. The RTS Delivery Plan is an excellent example of this working in practice.

c) Projects for Collaborative Activity

The joint development of a Regional Transport Strategy Delivery Plan is the current priority area of focus for collaboration between the ESES City Region partnership and SEStran. This will set out a clear portfolio of regional programmes and projects and the approach to their funding and delivery.

Both parties recognise that the benefits of this collaboration extend beyond the SEStran area. The specific roles and responsibilities of SEStran and ESES City Region partnership for delivering these initiatives will be determined on a case-by-case basis. Decisions will consider the nature of each project, the required skill sets, available resources, and the most effective governance structure to achieve the desired outcomes efficiently.

Table 1 shows the activities that are currently being taken forward through the Concordat, and Table 2 shows the potential areas for future collaboration.

Table 1: Current Collaborative Projects

Geography	Programme (example)	Interventions	Role of SEStran	Role of ESES CR/TAB
Across SEStran Region	Electric Vehicle Charging Point Provision	Shared procurement to deliver economies of scale to scale up and secure better buying power in delivery.	Coordinate regional delivery, reporting to LA & SEStran Governance	Participation in delivery coordination. Reporting to CRD governance
	Regional Transport Strategy Delivery Plan	Clear vision and pipeline of projects to deliver the ambition of RPF and RTS	Joint coordinator, delivery lead	Joint coordinator, delivery lead
	SEStran transit	Regional approach to cross boundary connectivity building on STPR2 recommendations	Joint coordinator, delivery lead	Joint coordinator, delivery lead

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Table 2: Opportunities for Future Collaboration

Geography	Programme (example)	Interventions	Role of SEStran	Role of ESES CR/TAB
Local Intervention	Local road improvements		No role	No role
	Local road improvements Cross boundary		Stakeholder and coordination	Is it delivered through CRD? Could be a TAB project?*
	Active Travel/cross boundary		Stakeholder and coordination	Is it delivered through CRD? Could be a TAB project?*
	Low Emission Zones	Assess regional impacts on rest of network and services.	Stakeholder and coordination of partnership mitigation	Stakeholder if it affects existing projects
	WETIP		Stakeholder and coordination	CRD project with TAB
Within SEStran Region (some but not all local authorities)	Green Free Port	A number of programmes or projects that have or would benefit from cross regional co-ordination	Stakeholder in emerging Transport Group. Contribution to business case development. Links with SEStran study and freight improvements	Stakeholder and RPF alignment and RTS Delivery Plan

Across all SEStran Region	Integrated Ticketing/app	Regional and national delivery and policy development	Coordination & delivery. Stakeholder in policy development	Stakeholder in delivery and policy development
	Freight improvements	Consolidation centres, improved driver facilities, cargo bikes, EV charging points	Merged planning & delivery SEStran	Merged planning & possible delivery with SEStran
	MaaS & RTPi	Consolidation of travel information, ticket booking and payment. Passenger information and confidence	Coordination & delivery	Stakeholder
	Accessibility	Network assessable for all. Physical access and digital access (including telephony)	Stakeholder, coordinator, delivery	Stakeholder, coordinator, delivery
	Data Collaboration	Remove data silos and share data for informed decision making	Stakeholder, coordination of partnership, delivery	Stakeholder, coordination of partnership, delivery
Beyond SEStran region	Trunk Road Investment	Coordinated lobbying through multiple Deal governance structures on transport (and other) issues could be very impactful in that context	Stakeholder	Stakeholder, facilitator

	High Speed Rail		Sponsor development, develop case for change stakeholder/ coordinator	Sponsor development, develop case for change stakeholder/ coordinator
	New rail corridors		Stakeholder/ coordinator	Stakeholder
	Rail Station Development		Sponsor development, develop case for change stakeholder/ coordinator	Sponsor development, develop case for change stakeholder/ coordinator
	Airport		Stakeholder	Stakeholder
	Ferry		Stakeholder	Stakeholder
	Drones	Drone regulation and corridors. Need to input into process and lobby for development in Scotland	Stakeholder/ coordinator	Stakeholder/ coordinator
	AI/Automated Vehicles	Regulation and corridors. Need to input into process and lobby for development in Scotland	Stakeholder/ coordinator	Stakeholder
	Alternative fuels	Hydrogen, EV, e-fuels etc development and testing	Stakeholder/ coordinator	Stakeholder

**TAB's remit initially only covered CRD projects, which are already defined and signed up to. However the remit has been expanded in the current Terms of Reference (see Appendix 1) that state: To assess and agree upon the optimal transport interventions to meeting the objectives of the City Region Deal; and to do so within the context of extant and emerging policies and strategies at national, regional, and local levels. The Terms of Reference are reviewed on an annual basis, with the next update due in November 2024.*

4. Principles of Partnership

In support of the Shared Vision and Areas of Joint Working SEStran and ESESCRD are committing to the following:

1. SEStran will continue to be represented at the ESESCRD Transport Appraisal Board while local authority representatives on the City Region Directors' Group will be responsible for delivery of agreed outcomes of the SEStran Chief Officers' Group. To ensure strong links and effective communication between both bodies, the Partnership Director of SEStran will continue to sit on the City Region Deal Directors'

Group.
2. SEStran will continue to work with ESES City Region partners to develop the Regional Transport Strategy Delivery Plan that will form the basis for future regional transport proposals and help identifying funding and delivery models.
3. Communications will continue to be undertaken in an open and transparent manner, with mutual professional respect.

5. Review

This Concordat will be reviewed annually alongside the Terms of Reference for the Transport Appraisal Board.

Appendix 2: Impact of annual funding and inflation on real terms budget available to SEStran

Appendix 2: Impact of annual funding and inflation on real terms budget available to searain											
	Financial Year start	Financial Year end	Council Requisitions	Government Grant	Total	CPI Index	CPI Year	Total inflation since 2012	Required Requisition / Grant to match Inflation	Shortfall in Budget to match inflation	% Real Terms Budget Reduction since 2012-13
0	2026	2027	£190,000	£743,000	£933,000	142.50	2026	52.62%	£1,336,376	£603,376	58.89%
1	2025	2026	£190,000	£743,000	£933,000	138.40	2025	48.2%	£1,492,172	£559,172	55.53%
2	2024	2025	£190,000	£743,000	£933,000	133.90	2024	43.4%	£1,643,654	£501,654	50.78%
3	2023	2024	£190,000	£782,000	£972,000	130.50	2023	39.7%	£1,406,997	£434,997	43.28%
4	2022	2023	£190,000	£782,000	£972,000	127.10	2022	30.3%	£1,312,119	£340,119	33.82%
5	2021	2022	£190,000	£782,000	£972,000	121.20	2021	19.1%	£1,209,225	£239,225	20.85%
6	2020	2021	£190,000	£782,000	£972,000	108.70	2020	16.4%	£1,171,958	£199,958	19.99%
7	2019	2020	£190,000	£782,000	£972,000	107.80	2019	15.4%	£1,162,255	£190,255	18.89%
8	2018	2019	£190,000	£782,000	£972,000	105.90	2018	13.4%	£1,141,770	£209,770	20.88%
9	2017	2018	£190,000	£856,000	£1,046,000	103.40	2017	10.7%	£1,114,840	£174,840	16.81%
10	2016	2017	£151,000	£782,000	£933,000	100.70	2016	7.8%	£1,085,706	£152,706	15.29%
11	2015	2016	£113,000	£895,000	£1,008,000	100.00	2015	7.1%	£1,078,158	£183,158	18.28%
12	2014	2015	£171,000	£782,000	£953,000	100.00	2014	7.1%	£1,078,158	£125,158	12.44%
13	2013	2014	£186,000	£782,000	£968,000	98.50	2013	5.5%	£1,061,986	£91,986	9.39%
14	2012	2013	£186,000	£782,000	£968,000	96.10	2012	4.2%	£1,061,110	£54,110	5.49%
15	2011	2012	£225,000	£782,000	£1,007,000	93.40	2011	0.0%	£1,007,000	£0	0.0%

Year	Index
2010	89.4
2011	93.4
2012	96.1
2013	98.5
2014	100.0
2015	100.0
2016	100.7
2017	103.4
2018	105.9
2019	107.8
2020	108.7
2021	111.6
2022	121.7
2023	130.5
2024	133.9
2025	138.4

	2027/28	2028/29	2029/30
Employee Costs	£961,120	£1,018,478	£1,079,269
Premises Costs	£25,750	£26,523	£27,318
Transport	£5,150	£5,305	£5,464
Supplies and Services	£82,400	£84,872	£87,418
Support Services	£39,140	£40,314	£41,524
Corporate & Democratic Services	£25,750	£26,523	£27,318
Interest	-£20,000	-£20,000	-£20,000
Total Gross Expenditure	£1,119,310	£1,182,014	£1,248,310
Income to Core			
Scottish Government Grant	£743,000	£743,000	£743,000
Council Requisitions	£190,000	£190,000	£190,000
Projects Staff Recharges	£250,000	£265,000	£280,900
Total Income to Core	£1,183,000	£1,198,000	£1,213,900
Transferred to Projects Budget	£63,690	£15,986	-£34,410

Project Budget	2027/28	2028/29	2029/30
Previous Year Underspend	£14,867		
Transfer from core	£63,690	£15,986	-£34,410
Projects Income	£78,557	£15,986	-£34,410
Cross Project Costs			
Podaris	£45,000	£46,350	£47,741
Innovation, Research & Partnerships	£50,000	£50,000	£50,000
Contingency	£14,060	£14,257	£14,460
Projects Consultancy	£20,600	£21,218	£21,855
Comms and Marketing	£25,000	£25,000	£25,000
Regional Bus Action Plan			
Project Delivery	£80,000	£80,000	£80,000
People and Place			
Core staff recharge	£250,000	£265,000	£280,900
Project Officers	£94,837	£100,527	£106,559
RTPI – System & Support	£102,485	£105,560	£108,728
Thistle Assistance	£40,000	£40,000	£40,001
Project Delivery	£4,665,216	£4,641,760	£4,616,979
Other Income	-£5,152,538	-£5,152,847	-£5,153,165
Transport to Health			
Project Officer	£51,232	£54,306	£57,564
Project Delivery	£50,000	£50,000	£50,000
RTS DP			
Project Delivery	£175,000	£175,000	
Other Income	-£175,000	-£175,000	
Projects Expenditure	£335,892	£341,131	£346,619
Project Exp exc Income	£5,663,430	£5,668,978	£5,499,784
Total Budget Variance	-£257,335	-£325,145	-£381,029

Increase in Requisitions Required to balance	2.35	2.71	3.01
Council Requisitions - revised pop split	2027/28	2028/29	2029/30
City of Edinburgh	£145,108	£167,105	£185,233
Clackmannanshire	£14,094	£16,230	£17,991
East Lothian	£31,803	£36,624	£40,597
Falkirk	£43,756	£50,389	£55,855
Fife	£102,130	£117,612	£130,371
Midlothian	£27,415	£31,571	£34,995
Scottish Borders	£31,896	£36,731	£40,716
West Lothian	£51,132	£58,883	£65,271
Total	£447,335	£515,145	£571,029

Human Resources Policy Review

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the Committee with an update on the review of SEStran's employment and governance-related policies and to seek approval of the revised Anti-Bribery and Corruption Policy, Anti-Fraud Policy, Public Interest Disclosure (Whistleblowing) Policy and new Conflict of Interest Policy.

2. BACKGROUND

- 2.1 SEStran is committed to maintaining a suite of up-to-date policies that support good governance, transparency, accountability and compliance with relevant legislative and regulatory requirements.
- 2.2 As part of the rolling policy review programme, officers have undertaken a review of a number of key policies relating to standards of conduct, fraud prevention, bribery and corruption, whistleblowing, and conflicts of interest. Legal support was provided by Anderson Strathern to ensure the policies reflect current good practice and provide appropriate guidance for employees and office holders.
- 2.3 The review also responds to recommendations arising from recent Internal Audit work relating to governance arrangements and the organisation's policy framework.

3. POLICY REVIEW FINDINGS

- 3.1 Following review, four policies are presented for consideration.

3.1.1 Anti-Bribery and Corruption Policy

The policy has been updated and renamed from the former Anti-Bribery Policy to better reflect its broader scope. Key changes include:

- Inclusion of corruption provisions within the policy
- Removal of conflict of interest provisions, which now form a standalone policy
- Removal of the section on adequate procedures to improve clarity and focus
- Extension of the review cycle from annual to biennial

3.1.2 Anti-Fraud Policy

The policy has been updated to improve clarity and alignment with current arrangements. Changes include:

- Removal of corruption-related provisions which are now addressed through the Anti-Bribery and Corruption Policy
- Updated definition of fraud

3.1.3 **Public Interest Disclosure Policy**

The policy has been updated to strengthen protections for individuals raising concerns and to reflect current terminology and legislative good practice. Changes include:

- Additional information on the scope of the policy
- Enhanced provisions regarding protection for whistleblowers
- Updating references from the Scottish Executive to the Scottish Government
- Extension of the review cycle from annual to biennial

3.1.4 **Conflicts of Interest Policy**

A new standalone Conflict of Interest Policy has been developed to provide a clear framework for identifying, declaring and managing conflicts of interest. The policy consolidates provisions previously contained within the Anti-Bribery Policy and includes a declaration process for relevant interests. The policy is intended to complement the separate arrangements already in place for Partnership Board Members.

4. GOVERNANCE AND RISK IMPLICATIONS

- 4.1 The reviewed policies support SEStran's commitment to high standards of governance, integrity and ethical conduct. They provide clearer guidance for employees and support the organisation's arrangements for preventing fraud, bribery and corruption, managing conflicts of interest, and encouraging the reporting of concerns.
- 4.2 The implementation of these policies will contribute to mitigating governance and compliance risks identified within the corporate risk register and supports the organisation's wider assurance framework.

5. CONSULTATION

- 5.1 The policies have been reviewed by Anderson Strathern and considered by officers. Following Committee approval, arrangements will be made for staff awareness and training to support implementation. Correspondence from Anderson Strathern confirmed that no specific legislative updates were required beyond the revisions incorporated through the review process.

6. RECOMMENDATIONS

It is recommended that the Performance and Audit Committee:

- 6.1
1. Notes the outcome of the policy review exercise
 2. Approves the revised Anti-Bribery and Corruption Policy
 3. Approves the revised Anti-Fraud Policy
 4. Approves the revised Public Interest Disclosure Policy
 5. Approves the new Conflict of Interest Policy
 6. Notes that staff awareness and training will be undertaken following approval

Angela Chambers
Business Manager
4 September 2026

Appendices:

- 1 Anti-Bribery and Corruption Policy
- 2 Anti-Fraud Policy
- 3 Public Interest Disclosure Policy
- 4 Conflict of Interest Policy

Policy Implications	The recommendations in this report support SEStran's commitment to maintaining an effective and up-to-date policy framework and strengthen the organisation's governance arrangements.
Financial Implications	There are no direct financial implications arising from approval of the revised policies. Any staff training requirements will be met from existing budgets.
Equalities Implications	The revised policies support fair and transparent organisational practices and provide appropriate protections for employees who raise concerns in the public interest.
Climate Change Implications	There are no direct climate change implications arising from this report.



ANTI-BRIBERY AND CORRUPTION POLICY

(covering all employees)

DOCUMENT VERSION CONTROL

Date	Author	Version	Status	Reason for Change
Oct 2012	SEStran	1.0	FINAL	Policy Adopted
Oct 2017	SEStran	1.1	FINAL	Adoption of version control
March 2023	SEStran	1.2	FINAL	Inclusion of Conflicts of Interests section
Sept 2026	Anderson Strathern	1.3	DRAFT	Full review and update

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5. What is SEStran's Position on Bribery?
6. Employee Responsibilities
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8. Gifts & Hospitality
9. Review

Appendices:

A. Agreement Form

1 Introduction

- 1.1 SEStran is wholly committed to preventing bribery and corruption in all our dealings and relationships, and upholding all relevant laws, including the Bribery Act 2010 (“**the Act**”).
- 1.2 Bribery and corruption in any form are unacceptable and will lead to disciplinary action where allegations are substantiated. SEStran operates a zero-tolerance approach to these matters.
- 1.3 This Policy sets out key principles to achieve these aims, and details SEStran’s corporate and employee responsibilities required to ensure compliance with the Act.
- 1.4 This Policy should be read in conjunction with SEStran’s Anti-Policy, Conflict of Interest Policy and HR policies.
- 1.5 This Policy also provide information and guidance for employees on how to prevent, recognise and deal with bribery and corruption issues.

2 Scope

- 2.1 This Policy applies to all persons working on our behalf in any capacity, including all employees, Partnership Board Members, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, and covers all activities undertaken by SEStran.
- 2.2 In our dealings with third parties¹, we will promote the adoption of practices and arrangements consistent with the principles set out in this Policy.

3 Compliance

- 3.1 In order to ensure all employees are aware of their responsibilities under this Policy, each employee will be required, at the point of commencing employment with SEStran, and annually thereafter to confirm that they have read and understood the requirements of this Policy.
- 3.2 Failure to adhere to this Policy may result in disciplinary action being taken against you, up to and including dismissal.
- 3.3 Bribery is also a criminal offence. The maximum penalty for individuals under the Act is 10 years imprisonment and/or unlimited fines. Failure by an organisation to prevent bribery carries an unlimited fine.
- 3.4 SEStran’s Monitoring Officer has overall corporate responsibility for ensuring that SEStran complies with the Act.

¹ A “third party” is an individual or organisation that engages for business with SEStran e.g. external service providers, suppliers and contractors.

4 What is Bribery?

- 4.1 Bribery is an inducement or a reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage and includes offering, promising or giving a bribe to another individual or organisation, and seeking or accepting a bribe from an individual or organisation.
- 4.2 Bribes may not always be monetary and may include gifts, hospitality, loans, services, discounts, the award of a contract or any other advantage or benefit.
- 4.3 All forms of bribery are strictly prohibited. If you are unsure about whether a particular act constitutes bribery, please raise it with your line manager or the Partnership Director.

5 What is SEStran's position on Bribery?

- 5.1 SEStran expressly forbids employees or associated persons² from offering or accepting bribes or unlawful inducements to or from anyone for any purpose.
- 5.2 The use of an associated person or third party as a 'go-between' to channel bribes to others is also unacceptable.
- 5.3 SEStran is committed to the prevention, deterrence and detections of bribery by:
 - ensuring procedures are in place to prevent bribery;
 - making all employees aware of their responsibilities through this Policy and HR policies;
 - training all employees so that they can recognise bribery and corruption and enable them to take any subsequent action that may be required;
 - ensuring training on this policy forms part of the induction process for all new employees, and that all employees are reminded annually of their responsibilities regarding bribery as part of the Performance Review and Development process;
 - encouraging employees to be vigilant and to report any reasonably held suspicions of bribery or corruption, using SEStran's Public Interest Disclosure (whistleblowing) policy if necessary;
 - investigating instances of alleged bribery and assisting police and any other appropriate authorities in any resultant prosecution;
 - taking disciplinary action up to and including dismissal against any individual involved in bribery or other corrupt activity;
 - including appropriate clauses in employment and commercial contracts to prevent bribery.

² An "associated person" is a person who performs services for or on behalf of SEStran, and can therefore include agents, suppliers and contractors.

6 Employee Responsibilities

- 6.1 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all employees working for SEStran.
- 6.2 Employees must:
- Read and understand this Policy and HR policies;
 - Complete and sign the Agreement Form set out at Appendix A of this Policy. The Agreement Form must also be countersigned by each employee's Manager;
 - Comply with this Policy;
 - Avoid any activity that breaches this Policy or could be seen as a breach of this Policy;
 - Seek advice before accepting gifts or hospitality;
 - Ensure that all gifts and hospitality received are recorded in the register of gifts and hospitality;
 - If offered a bribe, or asked to make one, report this fact to your line manager or the Partnership Director as soon as possible;
 - Raise any concerns with your line manager or the Partnership Director as soon as possible if you believe or suspect that a breach of this Policy has occurred or may occur in the future.
- 6.3 Employees must not:
- Give or promise to give, or offer a payment, gift or hospitality with the expectation or hope that a personal, commercial, regulatory or contractual advantage will be received, or to reward any such advantage already given;
 - Give or promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to facilitate or speed up a routine procedure;
 - Accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
 - Accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by SEStran in return;
 - Retaliate against, threaten or victimise anyone who has refused to be involved in bribery or corrupt practices, or who has raised concerns under this Policy.
- 6.4 The list above is not exhaustive but is intended to provide examples of conduct likely to breach this Policy.
- 6.5 If employees have any doubt at all about circumstances that they find themselves in, advice should be sought from their line manager before it becomes an issue to be dealt with.

7 Consequences of Improper Behaviour

- 7.1 All allegations relating to bribery or corrupt practices will be investigated.

- 7.2 Where an investigation concludes that improper behaviour may have occurred, SEStran's Disciplinary procedures will be applied. This may result in dismissal.
- 7.3 In all circumstances where a criminal offence may have been committed, SEStran will notify the Police.
- 7.4 SEStran will seek, where possible, to recover any losses suffered as a result of an act of bribery or corruption.

8 Gifts & Hospitality

- 8.1 Gifts, offers of hospitality or favours from or to a third party, a contractor, client or partner organisation of SEStran are capable of being perceived as constituting a bribe.
- 8.2 Therefore, you should never accept or offer a gift, hospitality, favour or any other form of inducement which may influence or be perceived as influencing actions or decisions related to your job.
- 8.3 In certain limited circumstances, and in connection with your official duties, it may be appropriate for you to offer or receive gifts of low value or small tokens of gratitude, such as merchandise/branded items which have been designated for the purpose of being given away e.g. pens, post-its etc. Similarly, small gifts such as sweets etc give to a team at Christmas will be acceptable.
- 8.4 Gifts of alcohol or offers of hospitality, however small, should not be automatically accepted by SEStran employees. Similarly, such gifts or offers should not be made by SEStran employees.
- 8.5 Advice should be sought from your manager on the appropriateness of offering or accepting any such hospitality or gifts. Other than in circumstances similar to those set out in paragraph 8.3, you should not accept a gift unless you are satisfied, following discussion with your manager, that to do so would not lead to your actions as a SEStran employee being called into question.
- 8.6 Other than the small gifts indicated in paragraph 8.3, all gifts and hospitality received should be recorded in the register of gifts and hospitality, in accordance with the relevant arrangements.

9 Review

This Policy will be reviewed by SEStran every two years to reflect organisational changes, best practice, operational experience and legislative updates, in order to maintain its effectiveness.

Appendix A

Agreement Form

I have read and understand SEStran's Anti-Bribery Policy and agree to comply with these guidelines. I understand that any deliberate breach of these will be viewed seriously and may result in action being taken under SEStran's disciplinary procedures.

Please complete the details on this form and return to the **Business Manager, SEStran**

Name: _____

Job Title: _____

Signature: _____

Manager's Signature: _____

Date: _____



ANTI-FRAUD POLICY

DOCUMENT VERSION CONTROL

Date	Author	Version	Status	Reason for Change
Nov 2007	SEStran	1.0	FINAL	Policy Adopted
Oct 2017	SEStran	1.1	FINAL	Version control added
Sept 2026	Anderson Strathern	1.2	DRAFT	Full review and update

1. Statement of Intent

SEStran aims to provide excellent public service and needs to ensure propriety and accountability in all matters. SEStran is determined to protect itself and the public from fraud and is committed to the rigorous maintenance of a strategy for the prevention and detection of fraud, which will provide a framework for:

- Encouraging fraud deterrence and prevention
- Raising awareness of fraud and promoting their detection
- Performing investigations and facilitating recovery
- Invoking disciplinary proceedings and referral to Police and/or Procurator Fiscal
- Monitoring, publishing and updating this Policy and its related procedures and performance

2. Scope

This Policy applies to all persons working on our behalf in any capacity, including all employees, board members, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, and covers all activities undertaken by SEStran.

In our dealings with third parties¹, we will promote the adoption of practices and arrangements consistent with the principles set out in this Policy.

3. Definition of fraud

SEStran regards "fraud" as being when someone achieves a practical result by the means of an intentional false pretence or dishonest misrepresentation. This may involve:

- Falsification or alteration of accounting records or other documents including expense claim forms
- Misappropriation of assets or theft
- Suppression or omission of the effects of transactions from records or documents
- Recording transactions which have no substance
- Wilful misrepresentations of transactions or of SEStran's state of affairs

¹ A "third party" is an individual or organisation that engages for business with SEStran e.g. external service providers, suppliers and contractors.

4. Elements of the Anti-Fraud Strategy

SEStran's Anti-Fraud Strategy is based on a series of comprehensive and related elements designed to frustrate any fraudulent act. These elements are: -

1. Operating Culture
2. Deterrent and Preventative Measures
3. Fraud Response Policy and Detection & Investigation Procedure

4.1 Operating Culture

- 4.1.1 SEStran is determined that the culture and tone of the organisation meets the expectations of the Committee on Standards of Public Life and is committed to the 7 Nolan Principles of objectivity, openness, leadership, accountability, honesty, selflessness and integrity.
- 4.1.2 SEStran expects Partnership Board Members and employees to lead by example in ensuring opposition to fraud and corruption, and in ensuring adherence to rules and regulations, and to National and Local Codes of Conduct, and that all procedures and practices are beyond reproach.
- 4.1.3 SEStran requires all individuals and organisations with which it deals in any capacity to behave towards SEStran with integrity and without intent or actions involving fraud.
- 4.1.4 Partnership Board Members, employees and members of the public are important elements in the stance against fraud and are positively encouraged to raise any concerns they may have on these issues which impact on SEStran activities, using the guidance in SEStran's Fraud response plan.
- 4.1.5 Training and guidance are vital in maintaining the effectiveness of the Strategy for the Prevention and Detection of Fraud and its general credibility. SEStran supports induction and work-related training, particularly for employees involved in internal control systems, to ensure that their responsibilities and duties are regularly highlighted and reinforced and best practice is followed.
- 4.1.6 Where appropriate, SEStran co-operates with other local authorities and public sector bodies in the prevention, detection and investigation of fraud.

4.2 Deterrent and Preventative Measures

- 4.2.1 SEStran's Standing Orders, Financial Rules and Scheme of Delegation set out a framework for dealing with the affairs of SEStran and all

employees have a duty to comply with their provisions.

- 4.2.2 Thorough documentation, including working manuals and operating procedures, is expected of all financial and operational systems and these must be issued to relevant staff. Every effort must be made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls, including the effective segregation of duties, and to deter fraudulent activity and detect error.
- 4.2.3 The adequacy and appropriateness of SEStran's financial systems is independently monitored and assessed by External Audit and the control and operating systems by Internal Audit. Senior Management is committed to continuously improving the systems for which it is responsible, both through their own self-assessments and by positive response to audit recommendations.
- 4.2.4 Partnership Board Members must have regard to the National Code of Local Government Conduct and acceptance of their appointment includes an undertaking to be guided by the National Code.
- 4.2.5 Employee recruitment is required to be in accordance with SEStran's recruitment procedures and, in particular, written references must be obtained, and other appropriate checks made, to confirm the honesty and integrity of potential employees before appointments are made.
- 4.2.6 SEStran employees are required to and are also expected to follow any Code of Conduct related to any relevant personal professional qualifications related to their employment.

4.3 Fraud Response Policy and Detection & Investigation Procedure

- 4.3.1 SEStran will be robust in dealing with any financial malpractice, and can be expected to deal timeously and thoroughly with any person(s) who attempts to defraud SEStran, whether they are Partnership Board Members, employees, suppliers or unrelated third parties.
- 4.3.2 If Partnership Board Members or SEStran staff suspect or discover any fraud or irregularity that affects the affairs of SEStran, they must immediately tell the Director, or alternatively, follow the procedures in the SEStran Public Interest Disclosure Statement of Policy. The Director will arrange for an investigation to be carried out where appropriate in accordance with the relevant SEStran disciplinary procedures.
- 4.3.3 The detailed arrangements for the investigations of any suspected fraud or irregularity are contained in the Internal Audit Service

Investigation procedures guide. Any investigations will also comply with the relevant SEStran disciplinary procedures.

- 4.3.4 The relevant SEStran Disciplinary Procedures will be used where the outcome of the investigation indicates improper behaviour on the part of employees.
- 4.3.5 Where loss has been suffered through fraudulent activity, SEStran will pursue the perpetrator for recovery, including taking appropriate legal action.
- 4.3.6 The Director will ensure that matters are reported to the Police if there are reasonable grounds for believing that a criminal offence has been committed.
- 4.3.7 The Director is responsible for the smooth running of this protocol and clarification where necessary.

5. Review

- 5.1 SEStran has in place a clear framework of systems and procedures to deter and investigate fraud. It will ensure that these arrangements are fair and are monitored, and that procedures and this Policy are updated on a two-year basis, to keep pace with future developments in preventative, deterrent and detection techniques regarding fraudulent activity.
- 5.2 To this end, SEStran maintains a continuous review of these arrangements through, in particular, the Performance and Audit Committee, the Director and Audit Scotland.



PUBLIC INTEREST DISCLOSURE STATEMENT OF POLICY

DOCUMENT VERSION CONTROL

Date	Author	Version	Status	Reason for Change
2007	SEStran	1.0	FINAL	Implementation
Oct 2017	SEStran	1.1	FINAL	Adoption of version control
Sept 2026	Anderson Strathern	1.2	DRAFT	Full review and update

1. STATEMENT OF INTENT

- 1.1. SEStran endorses the principles of Public Life endorsed by the Nolan Committee. A statement of these principles is attached as Appendix 1 to this policy for information.
- 1.2. SEStran undertakes to investigate fully any substantive material allegation of a breach of these standards in its corporate governance or in SEStran's strategic, operational or financial management.
- 1.3. SEStran will normally place in the public domain any formal report into any allegations which are substantiated. It will also advise the individual making an allegation of the action that will be taken to investigate it and of the outcome of such an enquiry.
- 1.4. SEStran recognises the need for an effective means for members of staff, external members of the board, and members of the public to raise matters of public interest related to the quality of the RTPs management and governance. Nevertheless it is also aware that such facilities can be abused and used for potentially malicious purposes.
- 1.5. SEStran also accepts that it has a duty of care to protect members and staff against the potential impact of vexatious or malicious allegations made against them for malicious reasons. Similarly it accepts that it also has a responsibility in these circumstances to protect the RTP's reputation and its interests against such allegations. It may seek redress against any allegations, substantiated to be false, made against members and staff of SEStran.
- 1.6. Issues raised under the terms of SEStran's Public Interest Disclosure Policy shall be investigated as outlined in this document. However, if, at the conclusion of any investigation there is evidence that the allegations have been raised for vexatious or malicious purposes the Partnership Director may consider if appropriate steps should be taken for disciplinary action to deal with the individual(s) involved. Vexatious or malicious allegations to deliberately damage the interests of SEStran or its members and staff will be considered gross misconduct.

2. PURPOSE OF THE PUBLIC INTEREST DISCLOSURE POLICY

- 2.1. SEStran's Public Interest Disclosure Policy is designed to enable concerned individuals to indicate their concerns about malpractice related to its governance and management.
- 2.2. SEStran assumes that all of its employees and members will exercise both a duty and responsibility to bring any impropriety to the attention of the appropriate individuals in its structures.

- 2.3.** These procedures have not, however, been put in place to hear either individual or collective grievances. SEStran has separate policies and procedures in this respect which must be used for these purposes. Similarly these procedures are not for use to resolve complaints about SEStran services. A Complaints Procedure exists for this purpose. Additionally they may not be used to question policy decisions which have been properly made by its Board which are related to financial, business, academic matters or others issues which arise in the pursuit of its statutory duties.
- 2.4.** They are, however, designed to ensure that a member of the public, a member of staff or a member of the Board can raise an issue which they reasonably believe shows:
- material breaches of the Board's policies, financial regulations and associated procedures;
 - corruption on behalf of SEStran's staff or a member of its Board;
 - the commission or the likely commission of a criminal offence;
 - a failure or likely failure to comply with legal or statutory obligations;
 - a failure to adhere to policy directives issued by the Scottish Government or other funding bodies;
 - the occurrence or likely occurrence of a miscarriage of justice;
 - a serious danger to the health and safety of any individual;
 - damage or likely damage to the environment;
 - the improper use of SEStran resources for personal gain or in the interests of relations or associates; and
 - the deliberate concealment of information showing any of the above.
- 2.5.** Employees and members are reminded of their obligations to assist SEStran to maintain a healthy and safe working environment. It is expected that they will comply with SEStran's policies and their statutory responsibility in these respects and bring to the Board's attention, within the terms of these policies, any potential hazards to the public, staff or members. Furthermore the Policy may not be used to re-open disciplinary or grievance cases which have been considered fully within the terms of SEStran's Policies in this respect.

3. SCOPE OF THE PUBLIC INTEREST DISCLOSURE POLICY

3.1. This policy applies to:

- employees;
- workers;
- agency staff
- secondees;
- consultants;
- Board members;
- temporary staff;
- volunteers; and
- former workers.

3.2. References to “worker” should be interpreted broadly and consistently with the protections available under the Public Interest Disclosure Act 1998.

4. PROTECTION FOR INDIVIDUALS RAISING CONCERNS

4.1. No individual will suffer detriment, victimisation, retaliation, dismissal or disadvantage for raising a genuine concern under this Policy.

4.2. SEStran will take all reasonable steps to protect individuals who raise concerns appropriately.

4.3. Confidentiality will be respected so far as possible, although there may be circumstances where disclosure is necessary for investigation, legal compliance, safeguarding or other regulatory reasons.

4.4. Knowingly making a malicious or deliberately false allegation may result in disciplinary action.

5. RAISING MATTERS OF CONCERN

5.1. All matters of concern in respect of this Policy should be forwarded in writing, on a private and confidential basis, to the SEStran Business Manager. These concerns may be made in confidence until such time as SEStran begins to investigate formally any allegations made within the terms of this policy.

5.2. In the event that the concern or malpractice relates to the activities or conduct of the Business Manager matters should be raised formally with the Partnership Director.

- 5.3. In the event that the concern involves the collective actions and/or conduct of the Partnership Director and the Business Manager matters should be raised with the Chair.
- 5.4. These procedures do not preclude the reference of any competent matter to the Standards Commissioner appointed under the terms of the Ethical Standards legislation. However, it should be noted that these statutory provisions do not relate to the conduct of any of the employees or members of SEStran.

6. ADMISSIBILITY OF CONCERNS

- 6.1. SEStran will, within the terms of this Policy, investigate fully any concerns which are raised formally and in writing. The receipt of all formal allegations will normally be acknowledged in writing by recorded delivery letter or other secure delivery system by the Business Manager. The Business Manager shall advise any individual making an allegation within the terms of this Policy of the steps which have been or will be taken to address it. In all cases they shall apprise them, in writing, of the outcome of any investigation at the earliest opportunity.
- 6.2. The Business Manager shall, on receipt of any formal allegation of malpractice:
 - 6.2.1. decide whether or not the matter raised should be dealt with within the terms of this Policy; and
 - 6.2.2. decide whether or not there is a prima facie case to be investigated.
- 6.3. The Business Manager may direct an individual or group to raise more appropriately an allegation within the terms of SEStran's grievance or its complaints procedures. The Partnership Director's decision on all these matters is final.
- 6.4. The Business Manager shall advise the complainant(s) of the reasons for any such decision made in these respects. This should normally be undertaken in no more than ten working days. Individuals may, of course, raise concerns about the appropriateness of decisions made in this respect with Partnership Director
- 6.5. SEStran will not automatically investigate anonymous allegations. The Public Interest Disclosure Act 1998 affords staff and members bringing matters of concern to the attention of the Board considerable legal protection and, in these circumstances, it is expected that all allegations will be attributable. However, the receipt of all anonymous allegations will be formally recorded by the Business Manager and considered by

them and the Partnership Director normally within five working days. If in their joint opinion the allegations are credible, material and within the scope of this policy they may authorise a formal investigation within the terms outlined below.

- 6.6. SEStran will take a very serious view about false and malicious allegations made within the terms of this Policy. Such allegations made by a member or an employee will be regarded as gross misconduct and dealt with by means of the existing Code of Conduct for Members and disciplinary procedures. If substantiated such action will normally lead to the dismissal from SEStran.

7. INVESTIGATION OF MATTERS OF CONCERN

- 7.1. On receipt of a formal and competent allegation of impropriety which is within the scope of this Policy or an anonymous allegation which both the Business Manager and the Partnership Director (or, if appropriate, the Chair of the Board if a conflict of interest prohibits the Partnership Director's involvement) believe is worthy of formal consideration the Business Manager will take appropriate action to investigate the matter.
- 7.2. At this stage the Business Manager shall formally advise the individual(s) concerned of any allegation made against them within the terms of this Policy about their conduct.
- 7.3. The Business Manager shall, after consulting the Partnership Director (or Chair of the Board if an allegation is related to the Partnership Director), instigate one of the undernoted actions:
 - 7.3.1. notify the Police if there is evidence that a criminal act has or may have been or might be committed;
 - 7.3.2. notify SEStran's Internal Auditors if there is evidence of fraud, financial misconduct or other related matters. They shall also normally inform the Chair of the Board's Audit Committee of such a decision;
 - 7.3.3. seek to establish an Ad Hoc committee of the senior Managers (normally excluding the Partnership Director and staff or member representatives on the grounds of conflict of interest) to hold hearings to investigate the matters of concern. This committee shall normally comprise the Chair of the Audit Committee (acting as Chair), 3 Board members and the Business Manager. The Executive Committee (excluding those with potential conflicts of interest) will determine the Committee's remit. Any Ad Hoc Committee shall have the right to seek advice from external sources;

- 7.3.4.** make other appropriate arrangements to establish an independent or external investigation if potential internal conflicts of interest require such action; or
- 7.3.5.** notify the Head of Transport of the Scottish Government if all of the above are precluded.
- 7.4.** The Partnership Director shall normally be advised, in their capacity as Accountable Officer, of any allegation of financial impropriety investigated under paragraph 7.3.2 unless the allegations directly concern their conduct or actions. If such an allegation directly concerns the Partnership Director's conduct or actions, consideration should, instead, be given by the Business Manager to advising the Head of Transport of the Scottish Government or the Scottish Government Accounting Officer.
- 7.5.** If an allegation is made against the Partnership Director, the Chair of the Board may, after discussion with the Business Manager, suspend the Partnership Director on full pay during any investigation if, in the circumstances, such action is appropriate. If allegations are made against members of the Board the Chair may, with the agreement of the Shadow Board, exclude these members from participation in any deliberations of the Board and its standing and ad hoc committees. If an allegation is made against the Chair or the Business Manager the Shadow Board shall make a decision on behalf of SEStran to suspend him/her from all meetings of the Board and its related committees until such time as the matter is resolved.
- 7.6.** The Partnership Director shall have the authority to suspend any member of SEStran against whom a competent allegation has been made normally having first discussed the issue and the appropriateness of such action with the Chair of the Board (or in his absence the Vice Chair) and the Business Manager.
- 7.7.** The suspension of any individual will be a neutral act and will not, in any way, impute any presumption of any wrongdoing by that individual. All suspended individuals shall make themselves available at all times during normal working hours to assist SEStran in the conduct of any investigation arranged by the Business Manager or the Scottish Government.
- 7.8.** The Business Manager will, after having initiated such an investigation, bring any formal report (except those relating to financial impropriety) to the attention of the Board. If the matter relates to financial impropriety and SEStran's internal auditors have been involved the report should, instead, be included on the agenda of an appropriate meeting of the Audit Committee for its consideration.

- 7.9. The Partnership Director (as the Accountable Officer) shall, as required by the Scottish Government's Financial Memorandum and related guidance bring any findings related to financial impropriety to the attention of its Chief Executive.
- 7.10. Once a report has been considered the Board (or the Audit Committee in cases of financial impropriety) shall decide what further action might be required within the Board's existing policies. In this respect it shall decide whether or not SEStran should invoke its disciplinary policy or, at this stage, whether it should involve the Police if evidence of a crime has been discovered or if a criminal act is suspended.
- 7.11. Both the Ad Hoc and the Audit Committee shall also be able to initiate further investigations on behalf of SEStran into matters related to issues investigated if appropriate.
- 7.12. In line with SEStran's custom and practice all such reports considered by the Board shall be a matter of public record and be placed in the public domain (unless its members decide otherwise – however any decision *not* to make a report public shall be explained to the entire Board which may, if it does not accept the justification, overturn such a decision at its next scheduled meeting or at a meeting called for this purpose if more than half of the members wish an earlier meeting). Normally only issues of personal confidentiality or a judgement that the publication of such a report would not be in the public interest can be used to justify the non-publication of a report.
- 7.13. SEStran shall retain all documentation related to investigations initiated under this Policy for a minimum period of three years from the date of the conclusion of any investigation.

8. REVIEW

- 8.1. This document will be reviewed by SEStran every two years.

Appendix 1

1. THE SEVEN PRINCIPLES OF PUBLIC LIFE

1.1. Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

1.2. Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

1.3. Objectivity

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holder of public office should make choices on merit.

1.4. Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

1.5. Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

1.6. Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

1.7. Leadership

Holders of public office should promote and support these principles by leadership and example.

2. These principles apply to all aspects of public life. The Nolan Committee has set them out here for the benefit of all who serve the public in any way.



CONFLICT OF INTEREST POLICY
(covering all employees)

DOCUMENT VERSION CONTROL

Date	Author	Version	Status	Reason for Change
Sept 2026	Anderson Strathern	1.1	DRAFT	New standalone policy created as previously included in Anti-Bribery Policy

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1. Introduction
2. Scope
3. What is a Conflict of Interest?
4. Managing Conflicts
5. Breaches of Policy
6. Review

Appendices:

- A. Conflict of Interest Declaration Form**

1 Introduction

The purpose of this Policy is to protect the integrity, impartiality and reputation of SEStran by ensuring that actual, potential and perceived conflicts of interest are identified, declared and managed appropriately.

This Policy supports public confidence that decisions are taken solely in the public interest and are not influenced, or seen to be influenced, by personal interests or relationships.

2 Scope

- 2.1 This Policy applies to all persons working on our behalf in any capacity, including all employees, [Partnership Board Members], officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, and covers all activities undertaken by SEStran.
- 2.2 In our dealings with third parties¹, we will promote the adoption of practices and arrangements consistent with the principles set out in this Policy.
- 2.3 All individuals covered by this Policy must:
 - Act with integrity, honesty, objectivity and impartiality.
 - Avoid situations where personal interests conflict, or appear to conflict, with their official duties.
 - Declare interests promptly and fully.
 - Cooperate with any measures required to manage conflicts.
 - Place the public interest above personal, professional, financial or organisational interests.
- 2.4 Failure to comply with this Policy may result in disciplinary action or removal from a role, as appropriate.

¹ A “third party” is an individual or organisation that engages for business with SEStran e.g. external service providers, suppliers and contractors.

3 What is a Conflict of Interest?

- 3.1 A conflict of interest arises where an individual's private interests could improperly influence, or could reasonably be perceived to influence, the exercise of their official responsibilities.
- 3.2 It can occur when a person has a duty to more than one person or organisation but cannot do justice to the interests of both parties. This includes when an employee's personal interests are contrary to their loyalty to public service/business.
- 3.3 Conflicts may be:
 - actual – direct conflict exists between official duties and personal interests
 - potential – a personal interest could develop into a conflict in the future
 - perceived – reasonable member of the public could conclude that personal interests might influence decision-making, even where no actual conflict exists.
- 3.4 Examples of Conflicts of Interest include:
 - Having a financial interest (e.g. holding shares or options in a potential supplier or any entity involved in any tendering consortium)
 - Having a financial or any personal interest in the outcome of the evaluation process
 - Being employed by (as a staff member, official officer or volunteer) or providing services to any potential tenderer

- Being a member of a potential tenderer's management/executive board
- Receiving any kind of monetary payment or non-monetary gift or incentive (including hospitality) from any tenderer or its representatives
- Canvassing, or negotiating with, any person with a view to entering into any of the arrangements outlined above
- Having a close member of your family (which includes unmarried partners) or personal friends who falls into any categories outlined above
- Having any other close relationship (current or historical) with any other potential supplier or member of staff

4 Declaration of Interests

4.1 Individuals must declare interests:

- On appointment;
- When circumstances change; and
- Before participating in any decision, discussion or process where a conflict may arise.

4.2 Declarations should be made as soon as the conflict becomes known and should be made using the Conflicts of Interest declaration form at Annex A.

4.3 In addition, all employees who engage with external suppliers as part of their work or responsibilities are required to complete the Conflicts of Interest declaration form at Annex A annually or for specific procurement exercises.

4.4 If you are unsure whether you have a Conflict of Interest, or you have reason to believe a Conflict of Interest has not been declared by someone else, please contact the Partnership Director.

5 Managing Conflicts

- 5.1 If a Conflict of Interest is present, employees are required to update the Conflicts of Interest declaration form explaining the nature of the conflict to protect themselves and the organisation. This will then be assessed by the Partnership Director.
- 5.2 The decision as to whether the identified conflict is material, and whether any mitigating arrangements are required, is to be made by the Partnership Director.

6 Breaches of Policy

- 6.1 A failure to declare or properly manage a Conflict of Interest may constitute misconduct and will be dealt with in accordance with the Disciplinary Policy.
- 6.2 Deliberate concealment of a Conflict of Interest will be construed as unethical, will be treated very seriously and may constitute a matter of gross misconduct under the Disciplinary Policy. Such a breach of this Policy may also be dealt with as a criminal offence and lead to legal action.

7 Review

This Policy will be reviewed every two years by SEStran to reflect organisational changes, best practice, operational experience and legislative updates, in order to maintain its effectiveness.

Appendix A

Conflict of Interest Declaration Form

Name:	Job Title:
Tel:	Appointment / One-off / Annual / Specific Procurement
Conflict of Interests	
A conflict of interest is where an individual's private interests could improperly influence, or could reasonably be perceived to influence, the exercise of their official responsibilities. This includes when a public official's personal interests are contrary to their loyalty to public business. Examples of conflicts of interest include: • Having a financial interest (e.g. holding shares or options in a potential supplier or any entity involved in any tendering consortium) • Having a financial or any other personal interest in the outcome of the evaluation of any tender evaluation process • Being employed by (as staff member or volunteer) or providing services to any potential tenderer. • Being a member of a potential tenderer's management/executive board • Receiving any kind of monetary payment or non-monetary gift or incentive (including hospitality) from any tenderer or its representatives • Canvassing, or negotiating with, any person with a view to entering into any of the arrangements outlined above • Having a close member of your family (which includes unmarried partners) or personal friends who falls into any of the categories outlined above • Having any other close relationship (current or historical) with any potential supplier or member of staff It is the employee's responsibility to ensure that any and all actual, potential or perceived conflicts of interest are disclosed to the Partnership Director, in writing, on an annual basis AND prior to them becoming involved in any procurement process. Individuals will be excluded from the procurement process where the identified conflict is material and cannot be mitigated. The decision as to whether the identified conflict is material, and whether any mitigating arrangements are required, is to be made by the Partnership Director.	

You must complete at least two of the following sections INCLUDING Section 3:

1. **No Conflict of Interest Exists**

I do not have any Conflicts of Interest that prevent my full and unprejudiced participation in my duties, including any reason why I should not participate in any procurement exercises.

Signature:
Date:

2a. A Conflict of Interest Exists (about me)

I do have a conflict of interest that may prevent my full and unprejudiced participation in a procurement exercise or my duties. The nature of this conflict of interest is described below.

--

2b. A Conflict of Interest exists (not directly related to me)

I want to declare where I believe a conflict to exist that is not directly linked to me. The nature of this Conflict of Interest is described below:

--

3. I also declare that I will inform the Partnership Director and my Line Manager should my/any circumstances change in a way that affects this declaration.

Signature:
Date:

Risk Register

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the Performance and Audit Committee with a quarterly update on SEStran's corporate 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. KEY NET RISKS

- 3.1 This report focuses on 4 risks: the 3 top rated risks based on the total risk scores shown in the strategic risk register and 1 for the new risk covering serious organised crime and fraud.
- 3.2 The Partnership continues to operate within a context of external uncertainty, and the highest-rated risks within the current register reflect this position.

Top Risks

3.3 R001 1.1 Transport Governance

- 3.3.1 The principal net risk remains R001 1.1, reflecting continuing uncertainty arising from the Scottish Government's review of transport governance arrangements. Recent Programme for Government commitments to review the future configuration of transport bodies and bring Transport Scotland more closely within central government reinforce the potential for changes to the roles and responsibilities of Regional Transport Partnerships. While the outcome remains uncertain, there is also an opportunity to strengthen regional transport delivery and influence. SEStran continues to engage with Transport Scotland, RTP partners and constituent authorities to monitor developments and ensure the Partnership is well positioned to respond to any emerging proposals. No significant change in risk exposure is currently assessed.

3.4 R002 2.4 Sources of Additional Income

- 3.4.1 Risk R002 2.4 concerns the possibility that additional sources of income may become constrained because of the wider economic climate or changes in operating arrangements. Following mitigation, the risk

remains assessed as Medium, with a net score of 12, making it one of the highest financial risks in the register. The risk remains significant because SEStran relies on additional income to support delivery beyond its core resources. The revenue budget reflects the most likely level of external income, while officers continue to explore alternative funding options, submit funding bids and make the case for additional investment.

3.5 R002 2.5 Funding Reductions

- 3.5.1 Risk R002 2.5 relates specifically to potential reductions in core funding from the Scottish Government and council requisitions. The risk remains assessed as Medium, with a net score of 12. A reduction in core funding could affect SEStran's ability to fulfil its statutory duties and deliver the Regional Transport Strategy. Mitigation includes continuing to identify external funding, engaging with the Scottish Government, Transport Scotland and constituent councils, and working with other Regional Transport Partnerships to influence the review of funding allocations. However, the scale of future activity will continue to be determined by the resources available to the Partnership.

New Risk

3.6 R002 2.10 Fraud and Serious Organised Crime

- 3.6.1 A new risk, R002 2.10 Fraud and Serious Organised Crime, has been added following the Internal Audit recommendation that these matters should be formally reflected in SEStran's risk management arrangements. The risk covers potential financial loss, regulatory action, reputational damage and reduced public confidence arising from a failure to prevent, detect or respond effectively to fraud, corruption or serious organised crime. It is assessed as Medium, with a net score of 8. Mitigating actions include maintaining anti-fraud, whistleblowing and financial controls; reviewing compliance with the Economic Crime and Corporate Transparency Act 2023; undertaking risk assessments and supplier checks; providing staff awareness training; and reporting relevant risks or incidents to the Performance and Audit Committee.

3.7 Summary

- 3.7.1 The overall corporate risk profile remains stable, with no significant change in risk exposure currently assessed. R001 1.1 Transport Governance remains the highest residual risk, reflecting uncertainty around the Scottish Government's review of transport governance and the future role of Regional Transport Partnerships. SEStran will continue to engage with Transport Scotland, RTP partners and constituent authorities to monitor developments and respond to emerging proposals.
- 3.7.2 The most significant financial risks continue to relate to R002 2.4 Sources of Additional Income and R002 2.5 Funding Reductions, both of which remain medium-rated risks. These risks reflect ongoing uncertainty within the wider public sector funding environment and the

potential impact on SEStran's ability to deliver strategic priorities and statutory functions.

- 3.7.3 The Corporate Risk Register has also been strengthened through the addition of R002 2.10 Fraud and Serious Organised Crime, following recommendations arising from the Internal Audit review of risk management arrangements. This new risk formally recognises emerging fraud, financial crime and compliance risks, including obligations under the Economic Crime and Corporate Transparency Act 2023.

4. RISK REGISTER REVIEW UPDATE

- 4.1 The Committee should note that Officers have begun work on a redesigned risk register template that moves towards a more structured "cause, risk event and consequence" approach. The new template introduces clearer risk descriptions, explicit risk consequences, gross and net risk scoring, risk appetite alignment, SMART mitigation actions, ownership, status tracking, review dates and action monitoring. It also strengthens the distinction between strategic, financial, governance, operational, legal, technology and people-related risks, while providing improved oversight of risk trends and management actions.
- 4.2 The draft register currently contains approximately 40 potential risk statements and risk drivers which officers are reviewing, consolidating and restructuring into a more strategic set of corporate risks. These include risks relating to transport governance reform, funding sustainability, external income, fraud, cyber security, workforce resilience, statutory compliance, contractor and grant management, political change, partnership arrangements and project delivery. The intention is to reduce duplication; improve clarity and ensure the register focuses on the most significant risks to delivery of SEStran's strategic objectives. A revised and updated risk register will be presented to the next Committee meeting on 20 November 2026.

5. RECOMMENDATIONS

The Committee is asked to:

- 5.1 Comment on the contents of the report
- 5.2 Note that a revised and updated risk register will be presented to the 20 November 2026 Committee meeting
- 5.3 Note that the corporate risk register will be presented to the 25 September 2026 Partnership Board for noting

Angela Chambers
Business Manager

Appendix 1: SEStran Risk Register

Policy Implications	The report supports SEStran's Risk Management Framework. Relevant policies and controls will be reviewed where required in response to identified or emerging risks.
Financial Implications	Financial risks and mitigating controls are detailed in the Corporate Risk Register and will continue to be monitored through established financial arrangements.
Equalities Implications	No direct implications. Equalities impacts will be considered as part of the management of individual risks.
Climate Change Implications	No direct implications. Climate-related considerations will be addressed where relevant through individual risk assessments and mitigation actions.

APPENDIX 1

Risk Number	Risk Category	Risk Detail	Gross Risk Assessment				Planned Response/ Mitigation	Risk After Mitigation				Risk Appetite		Action Required	
			Probability	Impact	Risk Score	Risk Score		Probability	Impact	Risk Score	Low	Med			
RO01 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. Scottish Government and Transport Scotland reviews of transport governance arrangements, including proposals to reform the structure and responsibilities of national and regional transport bodies, could result in changes to the role, functions and funding of Regional Transport Partnerships. This presents both risks and opportunities for SEStran.	4	4	16	High	A new Directorate within TS has been created and an officer has been appointed to lead the transport governance review, which should begin around May 2026. This presents a real opportunity for SEStran, the other RTPs, and local authorities to gain more direct control over delivery of the RTPs. SEStran is actively engaging with Transport Scotland, RTP partners and constituent authorities to influence emerging transport governance reforms and ensure the benefits of regional transport planning and RTP delivery are recognised within future governance arrangements. The Partnership continues to monitor Programme for Government proposals and prepare for potential changes to RTP roles, responsibilities and funding. The TS review will have a high dependency on the separate SG work on giving regional economic partnerships legal status	4	4	16	High	High Treat	Review at end of Sept 2026 Partnership Director	Low Med	
RO01 1.2	Strategic	Pandemic / Epidemic: Interruption of normal service/inability to deliver functions. Financial impact of crisis on sources of funding.	3	4	12	Medium	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. Hybrid Working Policy in place.	3	3	9	Moderate	Medium Tolerate	Review at end of Sept 2026 Partnership Director	Low Med	
RO01 1.3	Strategic	Political/Govt Change There is a risk that a change in government could lead to changes to RTPs/Regional Governance	3	4	12	Medium	Continued engagement with all political parties and agencies. A SEStran Manifesto was launched at the SEStran Summit on 4 December. A comms plan targeting MSPs before and after the election is being prepared in conjunction with our public affairs advisers. Officers will outreach to local government politicians in advance of the local government elections in May 2027	3	4	12	Major	Medium Tolerate	Review at end of Sept 2026 Partnership Director	Low Med	

R002 2.0	Financial: Significant deviation from budgeted spend	2	Unlikely	£	Moderate	9	Low	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.	1	Remote	£	Minor	2	Low	Low Tolerate	June Sept 2026 Partnership Director	Low	Low	↕
R002 2.1	Financial Staff recharges - externally funded projects: The approved budget assumes staff time can be recharged to Projects. There is a risk this may not be achievable.	3	Possible	£	Moderate	9	Medium	Any shortfall in employee cost recharges will be offset by a corresponding reduction in Projects Budget expenditure. Other funding sources will continue to be pursued. 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.	3	Possible	£	Moderate	9	Medium	Medium Tolerate	June Sept 2026 Partnership Director	Low	Med	↕
R002 2.2	Financial Inflation: There is a risk that the indicative budget does not adequately cover price inflation and increasing demand for services.	4	Probable	£	Major	16	High	When setting the revenue budget, allowances are made for specific known price inflation. Budgets adjusted in line with current cost forecasts. Ongoing monitoring and review of all costs and forecasts. In preparing estimates for future financial years, the Partnership will review all cost estimates to determine if it will be necessary to make a case to increase council contributions.	3	Possible	£	Moderate	9	Medium	Medium Tolerate	June Sept 2026 Partnership Director	Low	Med	↕
R002 2.3	Financial Delays in payment of external grants results in additional short-term borrowing costs.	3	Possible	£	Moderate	9		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. Grant submission procedures in place, along with financial planning.	2	Unlikely	£	Moderate	6	Low	Medium Tolerate	Sept Dec 2026 Partnership Director	Low	Med	↕ som possible - unlikely (the mitigations we have have avoided this occurring)
R002 2.4	Financial Sources of additional income to the Partnership may become constrained in the current economic climate and/or due to changes in operating arrangements.	4	Probable	£	Major	16	High	Revenue budget-developed to take account of most likely level of external income. Continue to explore alternative funding options Lobby/bid for additional funds	3	Possible	£	Major	12	Medium	Medium Treat	June Sept 2026 Partnership Director	Low	Med	➡
R002 2.5	Financial Funding reductions: Future reductions in core funding from Scottish Government and/or council requisitions. This could result in difficulty in delivering statutory obligations/duties.	3	Possible	£	Major	12	Medium	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/constituent councils to maintain/increase funding Working with other RTPs to influence SG review of allocation of funding	3	Possible	£	Major	12	Medium	Medium Tolerate	June Sept 2026 Partnership Director	Low	Med	↕
R002 2.6	Financial The funding position of the staff pension fund could lead to increases in the employers pension contribution	4	Probable	£	Moderate	12	Medium	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-approved by the Partnership Board.	4	Probable	£	Moderate	12	Medium	Medium Tolerate	June Sept 2026 Partnership Director	Low	Med	↕

R002 2.7	Financial	The Partnership may incur additional staff release costs if current staffing levels cannot be maintained due to funding constraints.	3	Possible	4	Major	12	Medium	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.	2	Unlikely	4	Major	8	Medium	Medium Tolerate	June Sept 2026 Partnership Director	Low	Med	↕
R002 2.8	Financial	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	4	Probable	3	Moderate	12	Medium	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. All potential schemes will be subject to detailed impact assessments to ensure impacts on the Partnership's core activities are minimised or mitigated. Regular budget monitoring and reports to the Partnership Board. Continue to press case through available channels for multi year funding	3	Possible	3	Moderate	9	Medium	Medium Treat	June Sept 2026 Partnership Director	Low	Med	➔
R002 2.9	Financial	Increase in employers on-costs: Changes to UK Government policy (for example increases in employer National Insurance contributions or other statutory on costs) could lead to higher staffing costs than budgeted, placing pressure on revenue budgets and limiting the Partnership's ability to deliver planned activities.	3	Possible	3	Moderate	9	Medium	Monitor UK Government fiscal announcements and emerging policy changes. Reflect known or anticipated changes in medium term financial planning where possible. Maintain dialogue with constituent councils and finance partners on cost pressures and assumptions. Consider mitigation through budget re profiling or prioritisation if increases materialise.	2	Unlikely	3	Moderate	9	Low	Low Review annually or following significant fiscal announcements. Tolerate	June Sept 2026 Partnership Director	Low	Med	↕
R002 2.10	Financial	Fraud and Serious Organised Crime: Failure to prevent, detect or respond effectively to fraud, corruption or serious organised crime could result in financial loss, reputational damage and reduced public confidence. This includes compliance risks associated with the Economic Crime and Corporate Transparency Act 2023.	3	Possible	4	Major	12	Medium	Compliance Requirements: ECCTA 2023, financial governance requirements, procurement regulations, anti-bribery obligations, whistleblowing legislation and information governance requirements. Key Mitigations: • Maintain Anti-Fraud, Whistleblowing and Financial Regulations. • Undertake fraud and organised crime risk assessments. • Review ECCTA compliance and prevention controls. • Provide fraud awareness training. • Undertake supplier due diligence and procurement checks. • Report fraud risks and incidents to the Performance and Audit Committee. • Maintain cyber security controls.	2	Unlikely	4	Major	8	Medium	Medium Treat	Dec 2026 Partnership Director	Low	Med	➔
R003 3.0	Reputational	Project Management: Project incomplete or of poor quality Late delivery	3	Possible	4	Major	12	Medium	All project progress reported to the Projects Team monthly and the Project and Strategy Delivery Oversight Subgroup quarterly. Minutes of PaSDOS and the full project report are also taken to P&A Committee quarterly for additional oversight. Management action taken as required.	2	Unlikely	3	Moderate	9	Low	Low Tolerate	Review at end Dec 2026 Programme Manager	Low	Med	↕

R003 3.1	Reputational	Reputation: Regard by the public and stakeholders. Negative or inaccurate media coverage leading to misrepresentation of SESStran position	3	Possible	3	Low	Unlikely	2	Unlikely	3	Moderate	6	Low	Low Tolerate	Review at end Dec 2026 Partnership Director	Low	Med	↕
R003 3.2	Reputational	Project Management: Potential insolvency of 3rd party supplier	3	Possible	3	Low	Unlikely	2	Unlikely	3	Moderate	6	Low	Medium Treat	Review at end Dec 2026 Programme Manager	Low	Med	➡
R005 5.0	External	Third party Service Level Agreements: Failure or inadequacy of service	2	Unlikely	2	Low	Unlikely	2	Unlikely	4	Minor	4	Low	Low Tolerate	Review by end Dec 2026 Business Manager	Low	Med	↕
R005 5.1	External	Contract Management: Failure to manage contracts leads to under performance and failure to obtain best value and delivery from contractual relationship.	3	Possible	4	Medium	Unlikely	2	Unlikely	12	Moderate	9	Low	Low Tolerate	Review at end Dec 2026 Programme Manager	Low	Med	↕
R005 5.2	External	Grants: Failure to adhere to grant conditions could result in grants being withheld or reclaimed, impacting the SESStran budget	4	Probable	4	High	Unlikely	2	Unlikely	16	Major	8	Low	Medium Treat	Review at end Dec 2026 Programme Manager	Low	Med	➡
R006 6.0	Legal and Regulatory	Statutory Duties: Failure to adhere to duties described in legislation and related documentation	3	Possible	4	Medium	Unlikely	2	Unlikely	12	Major	8	Low	Treat	Review at end Dec 2026 Partnership Director	Low	Low	↕

R007 7.0	Specific Operational	People and Place Plan: Funding changes result in programme not continuing regionally beyond 2026/27 2027/28	3	Possible	3	4	3	9	Medium	Engage regularly with Transport Scotland. Ensure outcomes and outputs from the programme delivery are captured to evidence efficacy of regional approach. With the election in early 2026, the impact of this on P&P remains unknown and so likelihood of this has been upgraded to possible despite the mitigations until a clear political direction is available .	3	Possible	3	Moderate	3	Medium	Low	Tolerate	Review at end Apr-Dec 2026 Programme Manager	Low	Med	↕
R008 8.0	System and Technology	Digital/IT: Server failure Comms failure Website breach Resulting in loss of service to business operations	3	Possible	4	Major	12	Medium	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. 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.	1	Remote	4	Major	4	Low	Low	Tolerate	Ongoing / review Dec 2026 Business Manager	Low	Med	↕	
R008 8.1	System and Technology	Cyber Security: Public sector entities are prime targets for cyberattacks and data breaches, which can compromise sensitive information and disrupt services.	3	Possible	4	Major	12	Medium	Annual Cyber Essentials Plus audit and accreditation awarded. In receipt of daily threats and weekly vulnerability emails from the Scottish/National Cyber Security Centre. Regular Staff training and exercises. Monthly in person visit by IT Consultant/Engineer under contracted services provision.	2	Unlikely	4	Major	3	Medium	Treat	Ongoing / review Dec 2026 Business Manager	Low	Low	➡		
R009 9.0	People	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	3	Possible	3	Moderate	9	Medium	SLA in place until May 2027 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	1	Remote	3	Moderate	3	Low	Tolerate	Review at end-Dec-2026-March 2027 Partnership Director	Low	Low	↕		
R009 9.1	People	Inadequate measures in place to facilitate staff health, safety and well-being during contingency arrangements or future office arrangements.	3	Possible	4	Major	12	Medium	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. An ongoing risk remains for future pandemics and future widespread disease or other outbreaks. Measures will be adjusted in accordance with government advice.	2	Unlikely	3	Moderate	3	Low	Tolerate	Review at end Dec 2026 Partnership Director	Low	Low	↕		
R009 9.2	People	Inadequate measures in place to facilitate staff health, safety and well-being during working from home arrangements.	3	Possible	4	Major	12	Medium	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.	2	Unlikely	3	Moderate	3	Low	Tolerate	Review at end Dec 2026 Partnership Director	Low	Low	↕		

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R009 9.3	People	Loss of key personnel may lead to inability to deliver strategy, projects and/or operations	3	Possible	3	Moderate	6	Medium	Recruitment Policy in place. Development of existing staff through performance appraisal. Staff training Work programme will be monitored and redistributed as necessary.	3	Possible	2	Minor	6	Low	Low Tolerate	Review at end Dec 2026 Partnership Director	Low	Low	
R009 9.4	People	Climate Change Staff are unable to access the office more frequently due to increase in adverse weather events.	3	Possible	3	Moderate	6	Medium	Home working policy in place and procedures for inability to access the office outlined in the SEStran Business Continuity Plan. Train team in BCP and review regularly.	3	Possible	2	Minor	6	Low	Low Tolerate	Review at end Dec 2026 Partnership Director	Low	Low	

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					Risk Score	
Likelihood		Severity				
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				Financial Impact	
Descriptor	Score	Health and Safety Impact	Impact on Service and Reputation	Financial Impact	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.	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 £50,000 and £50,000.	Loss/costs between £50,000 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.	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.	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	Theft/loss over £5,000,000

Likelihood	
Descriptor	Score
Remote	1
Unlikely	2
Possible	3
Probable	4
Highly Probable	5

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Likelihood	
Descriptor	Score

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: · setting and achieving an annual balanced revenue budget, in line with legislative requirements · maintaining an unallocated general reserve fund, in line with legislative requirements The target appetite score for any significant budget overspend will be low. 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, however any specific cyber risks will have a target score of low.
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.

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. The Contract Register is brought to the committee for review every 6 months.

2 REPORTING REQUIREMENTS

- 2.1 As per the Contract Standing Orders, the Partnership Director will arrange for all contracts awarded 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 the 6 months since the register was last reviewed by this Committee on 27th February 2026, and are over the value of £50,000 is shown at Appendix 1.
- 3.2 There are 6 contracts on the register, to a total value of £521,894, all of which are currently live. Members should note that some of these contracts, and in turn their costs, run over multiple years. Three of these contracts have been awarded since the register was last reported:
- SEStran Novus FX Contract 2026/27 – this provides for an real time passenger information system that is used by local authorities across the region. Members should note that this is part funded by contributions by Stirling Council and ScotRail (who also benefit from the system).
 - Transport to Employment Programme Evaluation – consultancy support for completion of an evaluation framework and evaluation reports for the Transport to Employment programme. This contract is on behalf of SEStran plus 3 other RTPs, so part of these costs are covered by other RTPs
 - Transport to Health Vision & OBCs – consultancy support for the continuation of the Transport to Health programme to bring it to the end of the Outline Business Case stage

In addition, one contract that was present previously has been varied:

- Multi-modal Transport Monitoring Sensors/Cameras – this contract has been increased by £16,470 – this was at the request of East Lothian Council to provide for the maintenance of their cameras for 1 year. The costs of this extension have been met by East Lothian Council.
- 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

11th September 2026

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.

SEStran Contract Ref	Name of contractor	Subject matter	Current Est contract value (ex VA	Date Awarded	Contract Start Date	Contract End Date at : If no end date, how will the contract end
SEStran-22/23-04P	Vivacity	Multi-modal Transport Monitoring Sensors/Cameras	£230,084.00	11/11/2022	11/11/2022	31/05/2029 n/a
SEStran-22/23-01A	One StopIT	IT services	£95,984.16	02/03/2023	02/03/2023	02/03/2027 n/a
SEStran-23/34-03P	Brompton Bike Hire Ltd	Folding bike hire stations	£113,564.00	15/12/2023	15/12/2023	15/12/2028 n/a
SEStran Novus FX Contract 2026/27	Navigate	Novus FX contract for 26/27	£53,517.22	31/03/2026	01/04/2026	31/03/2027 n/a
Transport to Employment - Programme Evaluation	Starttec	Transport to Employment Evaluation	£83,018.52	31/07/2026	03/08/2026	30/06/2027 n/a
SEStran-26/27-TMH2 - Vision & OBCs	Urban Foresight	TMH Vision and OBCs	£70,830.00	13/08/2026	17/08/2026	31/03/2027 n/a

DELIVERY PROGRAMME PERFORMANCE REPORT

1 INTRODUCTION

- 1.1 This report updates the Committee on the performance of the Partnership's strategy and project workstreams for 2026/27, focusing on quarter 1.

2 BACKGROUND

- 2.1 In previous reporting cycles, this report was presented to the Project and Strategy Delivery Oversight Group (PaSDOS) prior to issuing to this Committee. Following the revision to PaSDOS' terms of reference, this report will no longer be reviewed by PaSDOS, and so the P&A Committee will be the principal location for scrutiny of SEStran's delivery programme.
- 2.2 In light of the above and the move to a programmatic approach for delivery work, the format of this report will be revised for the next quarter. These revisions will focus on a clear dashboard overview for each project, alongside a single overview dashboard. Going forward, this covering report will be reduced as all key information will be included on each dashboard.
- 2.3 Members should also note that spend to date and budget projections, broken down by programme, are included in the Finance Officer Report elsewhere on this agenda. This paper will therefore focus on delivery against milestones and risks and issues.

3 PEOPLE AND PLACE (P&P)

3.1 Status Update

P&P is currently on budget and programme, with the budget fully allocated and it is expected that the grant will be spent in full as in 2025/26.

3.2 Milestones

1 milestone is delayed, and all others are either complete or on track. The delayed milestone is currently being progressed, due to complete mid-September, and will not have a knock on impact to the wider programme.

3.3 Risks

The top 3 risks currently identified, along with their current mitigations, are:

Risk: Reduction in revenue funding could lead to an inequitable programme that favours cycling over walking and wheeling and/or lacks capacity to engage with seldom heard groups – rated as a high risk.

Mitigation: The impact of reduced revenue funding is being raised continually with Transport Scotland. Planning for 2027/28 will consider how available revenue funding can be optimised to protect walking and wheeling projects, supported by monitoring the transport modes covered by funded projects.

Risk: Errors being made in payments after they have been authorised and passed to CEC for payment, resulting in overpayment or payments to the wrong account that need to be recovered and/or underpayments that impact fundee's cashflow – rated as a high risk.

Mitigation: Payment errors will be escalated with the CEC finance team to understand their causes, identify preventative measures, and ensure any future errors are prevented or, if they do occur, that they are detected and resolved quickly.

Risk: With the reductions to funding in 2026/27, schools' projects have had completion dates shortened by 3 months i.e. Q4+1 is no longer funded so, in 2026/27, they are funded from Q4+1 of 2025/26 plus 9 months funded from 2026/27 budgets. This risks creating an increased funding gap for 2027/28 if the reduction is continued because, without funding for Q4+1 from this year's funding, schools will require 12 months funding from the 2027/28 budget. This is rated as a medium risk.

Mitigation: The potential 2027/28 funding gap for school projects will be built into programme planning, with delivery organisations made aware of the pressures and the issue continuing to be raised with Transport Scotland.

3.4 Issues

Two new issues have been raised in 2026/27 to date. One relates to the revenue funding reduction that was reported to the last Board meeting. The second is a medium severity issue around incorrect payments being made – this is as per the risk noted above.

4 **REGIONAL BUS ACTION PLAN (RBAP)**

4.1 Status Update

The Regional Bus Action Plan is currently on programme. Governance arrangements are in place through the Regional Bus Programme Board, with work progressing on Year 1 priority actions, the Level of Service assessment, advocacy activity and bus network performance monitoring. Thistle Assistance remains on budget and on target.

4.2 Milestones

Key Quarter 1 governance milestones have been achieved, including establishment of the Programme Board and agreement of programme governance arrangements.

Work is progressing on the Level of Service review, development of priority actions and embedding monitoring and evaluation across related projects. One Thistle Assistance milestone has been delayed and reprogrammed, with all others on track.

4.3 Risks

The top three risks and their mitigations for RBAP are:

Risk: Changes to services, fares, or access could reduce public trust or disproportionately impact certain groups (e.g. rural, digitally excluded).

Mitigation: Embed EqIA and targeted engagement in all workstreams. Use pilot approach with visible benefits to make the case for supported services. Advocacy and facilitating engagement to ensure action is taken early where services are at risk or new policy will heavily impact the network.

Risk: RTP1: Lack of knowledge and resource within the project results in screens being installed poorly or behind schedule.

Mitigation: Procure expert consultant support to ensure the standard for screens across the region improves to:

- Ensure 100% of screens are being SAT and FAT tested by the supplier
- Ensure supplier delivers the screens within the financial year and works with local authorities to overcome any blockers
- Support knowledge of screen maintenance to ensure local authorities are better equipped to report defective screens

Risk: Thistle Assistance: Lack of engagement with key stakeholders as part of the evaluation work, limiting evidence and preventing development of relevant recommendations.

Mitigation: Six key stakeholders (transport operators) have been identified and will be interviewed by SEStran team to build on the existing positive relationships. Other stakeholders will be interviewed by our appointed consultants. The format of the interview proposed is short (30-45min) and taking place online to allow flexibility and increase opportunities for engagement.

4.4 Issues

There's currently one issue logged regarding the Thistle Assistance app having been removed from the Apple store. Next steps have been agreed internally, and efforts are currently being made to enable the app to be reinstated on the app store.

5 **TRANSPORT TO HEALTH (TtH)**

5.1 Status Update

TtH is currently on budget and on target. The budget is 70% committed and the remainder is expected to be spent in full this financial year.

5.2 Milestones

One milestone is currently delayed with the rest of them being either completed or on track. The delayed milestone has a revised date; we're confident that this milestone will be achieved within this revised timeframe.

5.3 Risks

The top 3 risks currently identified, along with their current mitigations, are:

Risk: £2 Bus Fare impacts the bus market such that routes are cut or funding for wider transport interventions is unavailable.

Mitigation: We are actively monitoring and influencing Transport Scotland / Scottish Government as part of the development of the bus bill.

Risk: Lack of buy-in and commitment from stakeholders at officer and senior level, diminishing quality, collaboration of efforts and limiting progress.

Mitigation: With the consultants appointed, a stakeholder engagement plan has been agreed to maximise value of engagement activities while being mindful of the time commitments required from our partner organisations. Additionally, a letter has been sent out to each NHS Boards CEO to establish a more formal engagement approach with them.

Risk: Lack of strategic direction from Scottish Government, causing instability in shaping of strategy creating a divergence with TS policy.

Mitigation: We have actively been engaging with Transport Scotland and the Primary Care team to share our plans and strategic direction on Transport to Health.

5.4 Issues

There are currently no issues recorded for this programme.

6 **TRANSPORT TO EMPLOYMENT (TtE)**

6.1 Status Update

TtE is currently on budget and programme. There remains approximately £100,000 of budget to be committed, but plans are in place to allocate this funding and it is still expected that the grant will be spent in full.

6.2 Milestones

All milestones are currently on track or complete. Several milestones were completed late, most notable the awarding of funding. This was largely due to delays in developing project proposals to the point at which funding could be awarded. These delays are not expected to have a knock-on impact on the programme, as these grant funded projects either started at risk without funding confirmed or were not expected to start until summer/early autumn.

6.3 Risks

The top 3 risks currently identified, along with their current mitigations, are:

Risk: Errors being made in payments after they have been authorised and passed to CEC for payment, resulting in overpayment or payments to the wrong account that need to be recovered and/or underpayments that impact fundee's cashflow – rated as a high risk.

Mitigation: Payment errors will be escalated with the CEC finance team to understand their causes, identify preventative measures, and ensure any future errors are prevented or, if they do occur, that they are detected and resolved quickly.

Risk: TtE is a new work area for SEStran and therefore knowledge of the best solutions may be lacking, which could lead to low quality proposals and/or lack of faith in SEStran's ability to deliver from those already working in this area – rated as a medium risk

Mitigation: We have sought input from external partners and existing experts in the field, including the Workforce Mobility Programme, Community Planning Partnership partners and Local Employability Partnerships (LEPs). Engagement with these organisations is intended to improve understanding of effective approaches, while further knowledge development opportunities for the SEStran team are being identified during 2026/27.

Risk: Lack of national guidance on evaluation, combined with likely difficulty in evidence in significant shift in child poverty in one year, results in risk of programme not showing significant impact on its core aim – rated as a medium risk

Mitigation: We are maintaining ongoing engagement with Transport Scotland and other Regional Transport Partnerships to agree evaluation requirements and core outcomes. In addition, a specialist consultant has been commissioned to work with SEStran and three other RTPs to develop an evaluation framework and undertake programme evaluation, with the risk to be reviewed when that framework is in place.

6.4 Issues

There are currently no issues recorded for this programme

7 **REGIONAL TRANSPORT STRATEGY DELIVERY PLAN (RTSDP)**

- 7.1 Work on the RTSDP was delayed in 2025/26 due to a lack of available resource to progress. With additional capacity in the team for 2026/27, work is due to begin again when funding has been confirmed, which are expected imminently. The core of this work this year will be a consultant commission to review and refine existing regional transport project prioritisation work, complete a baseline assessment of projects across SEStran and partner authorities, identify future investment priorities, and develop a deliverable programme of regional transport interventions to 2035 and beyond.

8 SEStranit

- 8.1 Work on SEStranit has slowed since the end of 2025/26 due to delays in funding announcements from Transport Scotland (Bus Infrastructure Funding was announced on 26th August). While awaiting funding, SEStran has continued to develop the SEStranit Programme-Level Strategic Business Case in partnership with local authorities, Transport Scotland and other regional stakeholders. The Strategic Context stage is now complete and the Case for Investment has progressed.
- 8.2 Following receipt of a funding offer letter, the next phase will focus on completing the Strategic Business Case and identifying, modelling and appraising potential transport interventions to improve regional connectivity. Work will include stakeholder engagement, Strategic Environmental Assessment and Integrated Impact Assessment activities, alongside development of the commercial, financial and management business cases. The completed overarching business case will be presented to partners for approval and will establish a long-term regional investment programme for South East Scotland.
- 8.3 For the next Committee meeting, SEStranit will be fully incorporated into this report with the same detail available as for other programmes. Members should also note that a tender is currently underway to secure additional programme management resource to oversee the next phase of SEStranit up to 31st December 2027.

9 CROSS PROGRAMME WORK

- 9.1 This area of works covers Comms and Marketing, Project Consultancy, and the projects contingency budget.
- 9.2 Comms and Marketing
This funding has covered the redesign of the SEStran logo (which is now complete), and will also be used to rebuild and redesign the SEStran website to enable our messaging to reach our target audiences in a clear, effective and impactful way (for which work is now underway). There are no specific risks for this area of work. Milestones are all complete or on track, with the procurement for the website completed slightly late, but work will still complete in advance of 31st March 2027. The budget is fully allocated with a small contingency remaining.

9.3 Project Consultancy

This funding has covered seconded roles within the projects team to provide additional capacity and experience. There are no specific milestones or risks associated with this budget. We are predicting a slight underspend based on current commitments, which cancels out the slight overspend noted in 9.4.

9.4 Projects Contingency

This budget is covering a wide range of both unexpected costs that have come up in year related to other delivery areas, as well as providing funding for standalone opportunities that have arisen, such as sponsorship of a Powering Futures Challenge, work looking at land value capture, and support for work on a data strategy. There are no specific milestones or risks associated with this project. The budget is predicting a slight overspend based on current commitments, which is cancelled out by the slight underspend noted in 9.3.

10 **RECOMMENDATIONS**

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

Michael Melton

Programme Manager

11th September 2026

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.