

REGIONAL GOVERNANCE UPDATE

1. INTRODUCTION

- 1.1 This report seeks to update Members on further work that has been undertaken on potential regional governance models and functions, following the report to the December Board.

2. BACKGROUND

- 2.1 Regional governance, including transport, is a hot topic at the moment. Ever since the abolition of the Region/District Council model in Scotland in 1996, there has been a creative tension between what can be delivered most effectively and efficiently at a more strategic level involving bigger geographies and the 'localism' agenda. This tension has been given an additional level of complexity by the introduction of the Scottish Parliament in 1999, with services such as police and fire being taken to (Scottish) national level.
- 2.2 On 28th November last year, at the State of the City Conference in Glasgow, the First Minister in his [speech](#) indicated his administration's intention to introduce enabling legislation to allow regional partnerships to seek legal status, unlock new powers, and design delivery models tailored to local priorities. His speech mentioned economic development, planning and skills, but did not mention transport.
- 2.3 It will be for the next administration at Holyrood to determine if that legislation will be brought forward. In the meantime, however, Transport Scotland is moving forward with its review of transport governance. SEStran will be involved in that review along with other RTPs, and indications are that TS is amenable to previous recommendations that functions currently delivered at TS level could be delivered at regional level.
- 2.4 These discussions, and this and further research on governance and delivery models, will inform the development of SEStran's corporate strategy. This will be the appropriate place to decide what SEStran's formal asks as regards powers and functions should be. However, this report seeks to outline the way forward on what type of transport functions might be most appropriate at regional level.
- 2.5 In the preparation of this report, SEStran officers have been given access by City Region Deal officers to a draft report to City of Edinburgh Council's Policy and Sustainability Committee on 10th March. This in turn references a report to Edinburgh and South East Scotland City Region Joint Committee (7 March 2025).¹ Neither of these reports conflict with

¹ See links at 'Background Papers.'

the basic approach in this report, which is that there should be greater delivery of functions at regional level.

- 2.6 Nor should the boundary differences between SEStran and the Edinburgh and South East Scotland City Region Deal (which does not, currently, include Falkirk or Clacks) be seen as a huge barrier. A parallel can be drawn with Glasgow City Region Deal (8 authorities) and SPT, which covers an additional 4 (Argyll and Bute and the 3 Ayrshire authorities). These boundary differences have not stood in the way of the two bodies collaborating to deliver Clyde Metro.
- 2.7 Meantime, officers from CoSLA have clarified their position on the regional governance debate. Ultimately, CoSLA is there to support its member local authorities on their aspirations. It recognises the tug between regionalisation and localism, but sees the principle of subsidiarity as of prime importance, with powers being delegated down to as local a level as possible. This, again, does not conflict with SEStran and ESESCRD's approach which recognises the overall desire for subsidiarity set out in the Verity House Agreement between CoSLA and the Scottish Government.
- 2.8 Other meetings/discussions that have taken place since the last report are discussed below, with some of the knowledge gained set out in more detail in Appendix 1.

3. DELIVERY OF FUNCTIONS AT REGIONAL LEVEL

- 3.1 In March 2006, the then Scottish Executive issued 'Scotland's Transport Future: Guidance on Regional Transport Strategies.' The Guidance, which has not been revised in the past 20 years, set out RTP 'models,' saying (at para 120):

'It is envisaged that model 1 would confer only a limited number of statutory functions on RTPs to be exercised concurrently with local authorities. Model 2 will include some transfers of functions from constituent councils or the Scottish Ministers to RTPs. Model 3 will require a significant transfer of public transport functions from constituent councils to the RTP. This will be the case in the west of Scotland where the Transport Partnership, (as the successor body to SPT), and not the local authorities will exercise the statutory functions relevant to public transport. Those RTPs consisting of just one local authority plus other members (South-West of Scotland and Shetland) will also be model 3 partnerships.'

- 3.2 These 'models' are not statutory definitions and are arguably outdated: they relate to the list in s.10 (see Appendix 2) which is mainly about taking powers and functions from councils, rather from TS. Since then, the landscape has changed, and whilst there may be a case for SEStran to act by consent in a co-ordinating role in relation to some functions, the principle of subsidiarity indicates that RTPs should in general be taking functions from Transport Scotland, not councils.
- 3.3 Since its creation SEStran has twice explored the idea of taking on a greater delivery role under s.10 of the 2005 Act, and has twice been given

a strong message from our constituent councils that we should not be removing functions from them.

- 3.4 However, ‘softer’ approaches are also available, with SEStran having in recent times taken a collaborative and co-ordinating role in such things as Electric Vehicle Charging Infrastructure and Bus Alliances. The legislation, in s.14, enables this collaborative approach by allowing councils – and Transport Scotland – to ask RTPs to carry out tasks for them by agreement (see Appendix 2).²
- 3.5 SEStran’s strategic presence has been growing recently, with four notable areas worth mentioning: management of the People and Place Fund for the region on behalf of Transport Scotland; the co-ordinating role in agreeing a collaborative, region-wide approach to the procurement of Electric Vehicle Charging Infrastructure; the Regional Bus Strategy, launched in December 2025; and our role in building a business case for mass transit in the region. The People and Place Fund in particular has already seen local organisations and communities benefitting from funding that was previously dealt with at national level. All of these advances can be delivered going forward by agreement with the region’s councils and the national body, Transport Scotland.
- 3.6 SEStran, through its RTS, has set out, strategically, what should happen to transport in its region. And yet if we are to have a vision of what a properly functioning transport system in our region would look like, what functions should be delivered at regional level is a key part of that vision. The corporate strategy will be the ultimate vehicle for concluding what functions should be delivered directly by SEStran, with a clear focus on looking at what Transport Scotland currently delivers, rather than any compulsory aggregation of powers and functions from the 8 councils.
- 3.7 The experience of combined authorities in England, and SPT, their closest equivalent in Scotland, is outlined in Appendix 1. The examples have been selected as a varied mix of governance models. These have all, in their own way, derived from particular political, geographical and historical circumstances. There is no ‘one size fits all,’ nor is there yet a perfect model. Nor are they set in stone, as the current further devolution legislation going through Westminster for CAs in England shows. Ultimately, what SEStran as an organisation will want to do may draw on these examples, but the solution will need to be tailored to fit SEStran’s own unique circumstances.
- 3.8 Whatever regional models are adopted going forward, they will need to be funded. In England, the funding is addressed via a mix of:
- Direct central government grant, with a 5 year funding arrangement
 - Fare box income in the case of CAs operating public transport
 - Money allocated via a ‘precept’ from the mayoral body and
 - Levies from the CAs to the constituent councils for carrying out some of their transport functions.

² The Guidance also says at para 121: ‘RTPs will also be able to act as agents of some or all of their constituent councils or of the Scottish Ministers. This would, for example, enable local authorities to achieve economies of scale in the exercise of certain transport functions through the RTP without losing direct political control.’

3.9 By comparison, RTPs like SEStran are currently funded in the main by a combination of Scottish Government grant and 'requisitions' from the constituent authorities. The terms on which the balance of an RTP budget is met by councils are set out in s.3 of the 2005 Act, as reproduced in Appendix 2. Two things which the English CAs have mentioned as being key to their success have been multi-year funding and central government giving them an 'integrated fund,' in other words a direct grant with no strings attached as to what it should be spent on. This will be key in any enhanced regional governance setting for SEStran.

4. CONCLUSIONS

4.1 The SEStran area has never had a single unit of local government. It comprises elements of four regional council areas: Borders, Central, Fife and Lothian. It currently sits within four growth deal areas. Overall regional governance, given the lack of history of anything like the CA/mayoral system, the politics and geography, may take some time, with regional partnerships unlikely to be in the legislative programme at Holyrood until 2027/8. In the meantime our position should be to work constructively with any existing regional bodies like all of the growth deals, and any emerging structures like Regional Economic Partnerships.

4.2 As an organisation SEStran can continue to learn from regional transport models north and south of the Border. SEStran has never had a passenger transport executive. Such structures, as with the 2006 Guidance's ideas of model 1/2/3, are from the past. SEStran and the other RTPs need to position themselves in the new reality of 2026. Crucially, there is a need to ensure that real benefits are felt throughout the SEStran region: something that is being achieved right now in, for example, the PPP funding from SEStran going to local projects.

4.3 Comparative research should inform our corporate strategy as to what SEStran should actually be as a regional transport organisation in the future. There will however be continuing emphasis on partnership working, with both TS and our authorities. SEStran has a track record of delivering, especially TS functions, by means of s.14. A co-ordination role in, for example, SEStran transit, will see benefits spread region-wide.

5. RECOMMENDATIONS

It is recommended that Members:

5.1 Note, and comment as appropriate, on the report.

5.2 Authorise the Partnership Director to engage to fullest extent possible with the TS review.

5.3 Authorise the Partnership Director to engage to fullest extent possible with the 4 growth deals in the SEStran region to pursue alignment on regional governance models for transport and associated functions.

- 5.4 Note ongoing inter RTP discussions via RTP Leads and RTP Chairs forums.
- 5.5 Note that a future paper on corporate strategy will introduce proposals for SEStran’s position in the governance framework.

Andrew Ferguson
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 6th March 2026

Appendix 1: SPT and the English Combined Authority Experience

Appendix 2: Relevant extracts from 2005 Act

Background Papers: The following background papers relied on in the writing of this report:

Report to Board December 2025

Report to [CEC Policy and Sustainability Committee of 10th March, 2026](#)³

[Accelerating Economic Growth and Prosperity in Edinburgh and South East Scotland: A Second Generation City Region Deal](#) – appendix to report to Edinburgh and South East Scotland City Region Joint Committee (7 March 2025)

Policy Implications	The report aligns closely to the discussion of regional governance in para 3.2 of the Regional Transport Strategy, ‘RTS Constraints.’
Financial Implications	There are no financial implications arising from this report. Further research on options will be funded from existing budgets and using existing resources.
Equalities Implications	In the event of the issues discussed in this report resulting in proposed specific changes in policy, impact assessments will be carried out at the appropriate time.
Climate Change Implications	No implications at this time.

³ At page 276 of the papers.

Appendix 1: SPT and the English Combined Authority Experience

Introduction: English Combined Authorities

Local government in England has traditionally been a cluttered landscape. City, county, borough, parish and other forms of council unit have co-existed in the same geographies for many years, making co-ordination and a common purpose seem challenging even where political will has existed.

The Localism Act of 2011, with the introduction of the power of general competence, was intended to let English councils act without as many legal constraints – although the level of austerity introduced by central government in the same period in England made the possibility of step change in delivery of services increasingly challenging.

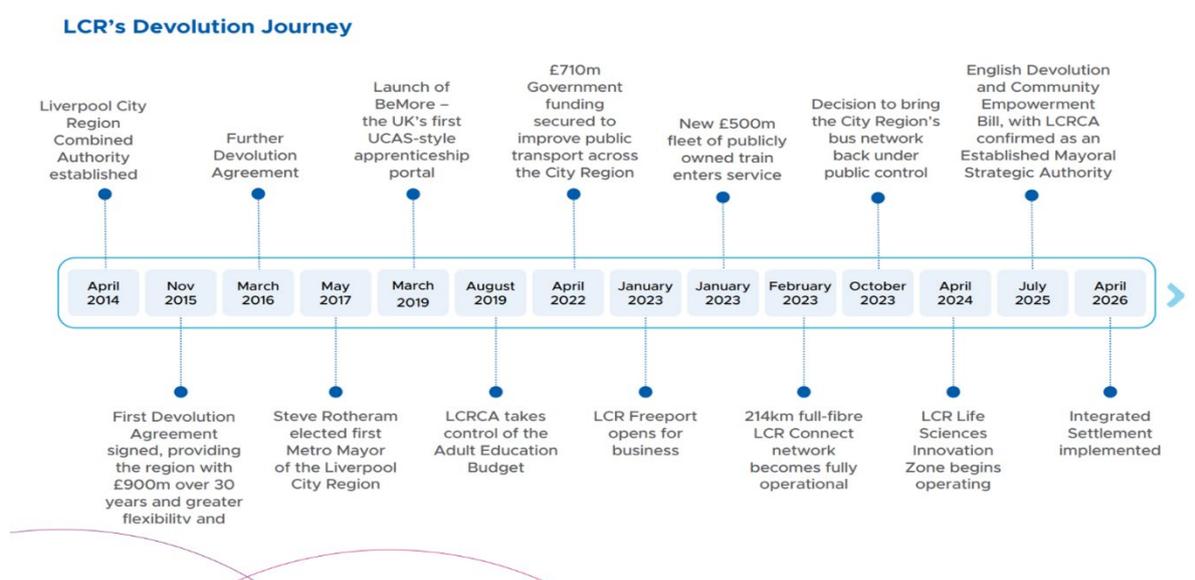
However, with the rise of city regions in England (as in Scotland) as significant economic units, especially in the case of the ‘northern powerhouse’ cities such as Liverpool and Manchester, the policy position has shifted towards enabling the existing councils to co-operate as combined authorities. A particular emphasis has been placed by successive Westminster administrations on mayoral authorities, putting the political leadership of a city region’s development into the hands of a single individual, with whom ‘the buck stops.’

In transport terms, some city regional transport bodies are stand-alone, at least to some extent. However, historical, political and geographical contexts are crucial to understanding how the combined authorities have got to where they are now, and what this means for projects such as mass transit and bus franchising.

Strathclyde Partnership for Transport (SPT) is also discussed as, although it is a Scottish RTP, there are some similarities to the English model, particularly in relation to its history as a Passenger Transport Executive.

Liverpool

The diagram below shows Liverpool's journey towards a single authority delivering substantial transport modes:



The Merseyside city region has a population of around 1.6 million, making it broadly similar in size to SEStran. Historically Mersey Travel was the Passenger Transport Executive for the area, with the local councils being responsible for many of the other transport functions after the County Council was abolished in the 1980s. According to an official of Liverpool City Region Combined Authority (LCRCA), Merseyside has been trying to build back the same level of integration in transport for 40 years.

LCRCA brings together, amongst other functions, transport, economic development, and strategic planning (the latter being added later in the process). In terms of transport, the combined authority runs Merseyrail, a self-contained rail network, and bus franchising plans are well advanced, with a franchise being introduced in 2 of the local authority areas this year, and 3 next year.

The city region comprises the 5 Merseyside authorities (Knowsley, Liverpool, Sefton, St Helens and Wirral) and Halton, which covers the towns of Runcorn and Widnes. Structurally this causes some difficulties for the governance: it means the CA is in two police authority areas (although that may be about to change). In Manchester, by comparison, the Mayor is also the Police Commissioner.

Other issues with the current governance structure include the need for unanimity in strategic planning matters between all the constituent councils, and the fact that not all functions in transport are the responsibility of the CA: the councils remain as highway authorities, for example, although this may change with further devolution powers currently being debated at Westminster.

In terms of finance, the CA benefits from a 5 year funding arrangement from central government, and is also funded through the mayoral 'precept.' The central

government funding is an 'integrated settlement,' meaning the authority is not bound to spend any part of the monies on a specific project. As a PTE the transport authority always had the power to levy funds directly from the 5 original constituent councils, although it cannot do so from Halton as yet.

None of this is to detract from the great strides LCRCA has made as regards transport. The Metrorail network developed since 2003 is a key asset of the CA. It has ambitious plans to further extend Merseyrail, investing in new rolling stock and stations to create extra connectivity with Manchester in particular. 82% of all PT journeys in the region are taken by bus, so the use of franchising powers will give the CA much greater control of public transport. There is a focus on mass transit and integrated ticketing.

Transport for Greater Manchester (TfGM)

Discussions with TfGM officials and a review of the relevant literature pointed up both parallels and key differences between the Manchester experience and that of the SEStran region.

As in Scotland with the abolition of regional and district councils, the demise of metropolitan county councils made it difficult to administer services at a region-wide level. However, as with other areas of the UK, the tug of war between localism and regionalism, and the rise of city regions' economic unity, meant that the combined authority model became seen as the best fit for the Greater Manchester area.

Greater Manchester CA comprises 10 local authorities, running from the city of Manchester itself to Bolton and Wigan in the northwest. The CA is a mayoral authority, meaning that central functions, including policy across the region, are directed by the Mayor.

In transport terms, a passenger transport executive has existed in the Greater Manchester area since the 1968 Act, meaning that there was always a strong sense of there being a transport geography that should be served by a single body. TfGM has benefitted from that historical context, as well as the urban nature of most of the region, with seven at least of the authorities having a clear 'spur' running into the Manchester metropolitan areas.¹

Although the Combined Authority acts as the focus of policy making, TfGM works very closely with it on strategy matters affecting transport. Officials felt that the existing governance structure, which allowed disagreements to be worked through before formal decision making meetings, worked well, as did a history of strong leadership at both political and officer level, setting aside political differences, for example, to work with central government during the early 2010s in particular.

¹ i.e. Bury, Rochdale, Oldham, Tramside, Stockport, Trafford and Salford. Bolton and Wigan, in the north-west, are the more outlying areas.

Operationally TfGM has now taken on additional functions such as traffic signalling for the constituent authorities. However, the biggest change recently has been the shift from a number of different private bus companies operating in the region, over whom TfGM had little influence, to a bus franchising arrangement under the English equivalent of the Transport (Scotland) Act 2019.

Financially TfGM is sustained by a combination of central government funding, a share of the constituent authorities' council tax in recognition of it carrying out transport functions for them, and farebox income. Whilst it works closely with the main combined authority, officials felt that there was a sense of identity amongst the TfGM staff, who liked working for a transport organisation, rather than being 'council' employees.

Although the above provides interesting context for the SEStran area's transport governance discussions, it is worth bearing in mind the differences between Greater Manchester and the SEStran area.

First and foremost, from the formation of a Passenger Transport Executive in 1968, there has been a Greater Manchester transport authority of one kind or another in existence for most of the last sixty years. This is more akin to the position in Glasgow than in our own region. Similarly, the 'Greater Manchester' concept has been, in the words of the officials, a project in the making for the last fifty years or so.

Apart from the historical context, there are also differences in geography. As mentioned above, the Greater Manchester conurbation is just that – a conurbation with much less of a stark contrast between urban and rural than in the SEStran region. Compared to Sustran's 1.6 million population, Greater Manchester serves 3 million people – making it the same in population terms as Wales, although much smaller in geography.

As with all examples drawn from England, there will always be a difference between the current devolution of powers from Westminster to the Scottish Parliament and what has been devolved down to combined authorities.

East Midlands CCA

East Midlands Combined County Authority ('East Midlands') was formed in February 2024 from the four 'upper tier' councils of Derby, Derbyshire, Nottingham and Nottinghamshire, covering (broadly) the cities of Derby and Nottingham and large rural areas such as the Peak District.

It is therefore a much more mixed geography than 'northern powerhouse' CAs like Greater Manchester and Liverpool. It is also a relatively new configuration in local government terms, although it does cover the same geography as a local enterprise partnership, D2N2.

East Midlands is a mayoral CA, the current mayor being Claire Ward. In terms of transport, its Constitution (November 2025) describes its functions as:

- 'Setting and delivering a transport strategy for the region,
- maximising opportunities for transport investment,
- providing oversight and assurance of investment delivery,
- establishing a key route network comprising the most important local roads and a single asset management policy.
- Development of public transport services across the region,
- facilitating the delivery of public transport improvements including, bus services, Page 2 information, infrastructure, incentivised ticket schemes, concessionary fares and smart, integrated ticketing.
- Influencing and enabling rail investment and powers relating to bus partnerships and franchising.'²

Since February this year further functions have been devolved, as regards the Nottinghamshire area only, assuming strategic oversight of bus policy, supported services, concessionary travel schemes, ticketing and passenger information systems across the area.

The Combined Authority will also manage infrastructure in Nottinghamshire related to public transport — including bus stops, shelters and real-time passenger information displays — and take operational responsibility for major bus stations as well as some park-and-ride facilities.

The transfer does not include highway maintenance or traffic management, which remain the responsibility of Nottingham City Council and Nottinghamshire County Council as local highway authorities.

Transport sits with Net Zero, Spatial Planning and Housing in the Authority's Place Directorate. East Midlands is currently developing its Transport Plan.

In terms of geography, there is a strong travel to work/housing connection between Nottingham and Derby, both situated at the south end of their respective counties. Although there has never been a passenger transport executive in the area, the two cities have always had a good functioning bus service between the two of them. Further urban connections are made between Nottingham, Derby and Leicester, not least because of East Midlands Airport.

The more northern, rural areas of the counties also have travel to work connections with Sheffield and Stockport, outside the CA area.

² See Regs 14 to 21 of the relevant Regulations setting up East Midlands: [The East Midlands Combined County Authority Regulations 2024](#)

SPT

Strathclyde Partnership for Transport, although an RTP like SEStran, has a very different history. Its principal ancestor was the Greater Glasgow Passenger Transport Executive, set up in terms of the same legislation that created the English Passenger Transport Executives – the Transport Act 1968. Its functions were to run transport for Glasgow Corporation, and co-ordinate transport in the Clyde Valley. In 1983, it was replaced by Strathclyde Passenger Transport Executive.

This in turn was succeeded in 1996 by the Strathclyde Passenger Transport Authority at local government reorganisation. This covered the former Strathclyde Regional Council area,³ and following the 2005 Act, became Strathclyde Partnership for Transport, merging with the voluntary West of Scotland Transport Partnership. (SPT). In short, therefore, in the West of Scotland, there is a strong history of transport functions being delivered directly by a separate transport body.

It should be noted that Glasgow City Region Deal covers 8 authorities⁴ whilst SPT covers twelve, the extra ones being Argyll and Bute and the three Ayrshire Councils.

Apart from setting an RTS, functions delivered by SPT currently include operating subsidised bus services, the Glasgow Subway, bus stations and bus shelters. Most recently it has taken on the Clyde Metro project, the mass transit system for the West of Scotland. This is funded by Glasgow City Region Deal, and SPT are working as lead partner with them and Transport Scotland in developing the Case for Investment. Formal ties between Glasgow CRD and SPT are being finalised as at 1st April this year.

Meantime Glasgow City Region Deal press for greater devolution of powers from the Scottish Government. It is perhaps worth noting that Mr Swinney, in his speech to the State of the City Conference referred to in the main report, commended the governance approach taken by Glasgow, saying: ‘Together, you have built a mature governance structure – a city region cabinet. This model of cooperation, with light touch but effective governance structures bringing together leaders of the region’s local authorities is, to my mind, a far better approach than the imposition of so-called Metro Mayors.’

³ Strathclyde Region covered the 12 council areas now covered by SPT, i.e. including the Ayrshires and Argyll and Bute.

⁴ East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire, and West Dunbartonshire.

Appendix 2: Relevant Sections of the Transport (Scotland) Act 2005

Section 14

Arrangements for performance by regional Transport Partnership of certain transport functions etc.

A Transport Partnership may enter into arrangements with the Scottish Ministers, a council or any other person having statutory functions relating to transport being arrangements under which the Partnership—

- (a) does, on behalf of the Scottish Ministers, the council or that other person, such things relating to transport as are specified in the arrangements;
- (b) provides such services for the purposes of, or in connection with, transport as are so specified.

Section 10

Other transport functions of regional Transport Partnerships

(1) The Scottish Ministers may, as respects a Transport Partnership, and by order, provide for any statutory function relating to transport they think fit, to be carried out by that Transport Partnership—

- (a) instead of the person who, immediately before it was so provided, was responsible for carrying it out; or
- (b) concurrently with that person.

(2) In making an order under subsection (1) above after the coming into effect of the Transport Partnership's transport strategy, the Scottish Ministers shall have regard to that strategy.

(3) The person referred to in subsection (1) above may be the Scottish Ministers.

(4) The functions which may be the subject of an order under subsection (1) above may, without prejudice to the generality of that subsection, include any of the following—

- (a) those conferred on local transport authorities by or under Part 2 of the Transport (Scotland) Act 2001 (asp 2) (bus services) and Part 3 of that Act (road user charging);
- (b) those conferred by or under any enactment and which relate to the management and maintenance of a bridge constructed in pursuance of functions conferred by, or by an order made under or confirmed by, any enactment;

(c) those conferred on traffic authorities by sections 1 to 4 of the Road Traffic Regulation Act 1984 (c. 27) (traffic regulation orders) and on local traffic authorities by section 19 of that Act (regulation of use of roads by public service vehicles);

(d) those conferred on councils by sections 63 and 64 of the Transport Act 1985 (c. 67) (securing the provision of passenger transport and related consultation and publicity).

(5) The following are examples of the functions which may be the subject of an order under this section—

(za) providing services for the carriage of passengers by road using vehicles that require a PSV operator's licence to do so,

(a) making and implementing bus services improvement partnership plans,

(b) entering into franchising frameworks;

(c) entering into ticketing arrangements and ticketing schemes;

(d) providing information about bus services;

(e) installing bus lanes;

(f) providing subsidised bus services;

(g) making and implementing road user charging schemes;

(h) operating ferry services;

(i) managing tolled bridges;

(j) operating airports and air services;

(k) entering into public service contracts.

(6) A Transport Partnership which proposes to request the making of an order under subsection (1) above shall, before doing so, consult its constituent councils or council on what the order might do.

(7) In making such a request, a Transport Partnership shall have regard to any guidance given by the Scottish Ministers as to the form and content of such requests.

(8) Before making an order under subsection (1) above, the Scottish Ministers shall consult—

(a) except where the order will be made at its request, the Transport Partnership to which the order will relate;

(b) its constituent councils or council; and

(c) such other persons as the Scottish Ministers think fit.

(9) An order under subsection (1) above may modify any enactment.

Section 3

Regional Transport Partnerships: funding and borrowing

(1) The net expenses of a Transport Partnership for each financial year shall be paid by—

- (a) its constituent councils; or
- (b) where there is only one, that council.

(2) The share of the expenses to be paid by a constituent council under subsection (1)(a) above shall be—

- (a) such as the Transport Partnership, having regard to its transport strategy, thinks fit; or
- (b) where the Partnership is unable to decide, such as is determined by the Scottish Ministers by order.

(3) The Scottish Ministers may, by order, provide as to the arrangements for the payment of amounts payable under this section.

(4) For the purposes of this section, the net expenses of a Transport Partnership for a financial year are those of its estimated] expenses for that year, and of any outstanding expenses from the financial year previous to that year, which are not met—

- (a) by a grant made by any person which is not repayable;
- (b) by a grant so made which is subject to a condition requiring repayment and which remains unsatisfied;
- (c) by any other income for that year.
- (d) by funds held by the Transport Partnership that it allocates to meet expenses for that year.