

**Unaudited Annual Accounts 2025/26 and Treasury Management report 2025/26**

<b>1.</b>	<b>INTRODUCTION</b>
<b>1.1</b>	This report presents:
<b>1.1.1</b>	the unaudited Annual Accounts for the year ended 31st March 2026
<b>1.1.2</b>	the annual Treasury Management report for 2025/26.
<b>2.</b>	<b>UNAUDITED ANNUAL ACCOUNTS 2025/26</b>
<b>2.1</b>	The unaudited Annual Accounts are submitted to the Partnership in accordance with the Local Authority Accounts (Scotland) Regulations 2014. The accounts are subject to audit and the audited Annual Accounts, incorporating the Auditor's report, will be presented to the Performance and Audit Committee and Partnership Board in due course.
<b>2.2</b>	The unaudited Annual Accounts are appended at Appendix 1.
<b>2.3</b>	The Treasurer's opinion on the effectiveness of the Partnership's system of internal financial control is provided within the Annual Governance Statement on pages 12 to 14. The Treasurer's opinion is informed by the work of Internal Audit and managers in the Partnership. It is the Treasurer's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system.
<b>2.4</b>	The Management Commentary is on pages 2 to 10 of the Annual Accounts. This highlights key aspect of financial performance during the year. The unaudited underspend is £180,000. This comprises an underspend of £22,000 on the Core revenue budget, an underspend of £97,000 on the Projects budget and a further project budget carry forward of £61,000 to meet future lease commitments for a folding bicycle rental scheme.
<b>3.</b>	<b>RESERVES</b>
<b>3.1</b>	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.
<b>3.2</b>	Subject to confirmation of the audited outturn position, the Partnership will be asked to approve carry forward of the Core budget underspend of £22,000. This will increase the unallocated reserve to £243,000.

<b>3.3</b>	Underspends of £158,000 on project budgets in 2025/26 will be managed by establishment of an earmarked balance, in accordance with the Partnership's Reserves Policy. The proposed allocation of £97,000 of this balance is set out elsewhere on this agenda. The balance of £61,000 for the folding bike lease will be used over 2026/27 to 2028/29 to meet the financial commitments under this lease.																												
<b>4.</b>	<b>TREASURY MANAGEMENT REPORT 2025/26</b>																												
<b>4.1</b>	The Partnership has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector. Under the code, an annual report on Treasury Management must be submitted to the Partnership at the end of each financial year.																												
<b>4.2</b>	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.																												
<b>4.3</b>	For 2025/26, interest was calculated in accordance with the (withdrawn) Local Authority (Scotland) Accounts Advisory Committee's Guidance Note 2 on Interest on Revenue Balances.																												
<b>4.4</b>	Net end of month balances for 2025/26 are shown below.																												
	<table border="1"> <thead> <tr> <th></th> <th>Balance due to SEStran(+ve)</th> </tr> </thead> <tbody> <tr> <td>Opening Balance</td> <td>£1,030,395</td> </tr> <tr> <td>30 April 2025</td> <td>£1,793,542</td> </tr> <tr> <td>31 May 2025</td> <td>£1,183,977</td> </tr> <tr> <td>30 June 2025</td> <td>£277,201</td> </tr> <tr> <td>31 July 2025</td> <td>£1,390,623</td> </tr> <tr> <td>31 August 2025</td> <td>£562,096</td> </tr> <tr> <td>30 September 2025</td> <td>£578,435</td> </tr> <tr> <td>31 October 2025</td> <td>£1,138,737</td> </tr> <tr> <td>30 November 2025</td> <td>£807,368</td> </tr> <tr> <td>31 December 2025</td> <td>£373,870</td> </tr> <tr> <td>31 January 2026</td> <td>£34,261</td> </tr> <tr> <td>28 February 2026</td> <td>£739,342</td> </tr> <tr> <td>31 March 2026</td> <td>£260,842</td> </tr> </tbody> </table>		Balance due to SEStran(+ve)	Opening Balance	£1,030,395	30 April 2025	£1,793,542	31 May 2025	£1,183,977	30 June 2025	£277,201	31 July 2025	£1,390,623	31 August 2025	£562,096	30 September 2025	£578,435	31 October 2025	£1,138,737	30 November 2025	£807,368	31 December 2025	£373,870	31 January 2026	£34,261	28 February 2026	£739,342	31 March 2026	£260,842
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<b>4.5</b>	Interest is calculated on the average monthly balance. The interest rate applied was 3.663%, giving an interest payment of £30,248.																												
<b>5</b>	<b>RECOMMENDATIONS</b>																												
	It is recommended that the Partnership notes:																												
<b>5.1</b>	the unaudited Annual Accounts for 2025/26;																												
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<b>5.3</b>	the audited Annual Accounts, incorporating the Auditor’s report, will be presented to the Performance and Audit Committee and Partnership Board in due course.
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**Richard Lloyd-Bithell**

Treasurer

8<sup>th</sup> June 2026

**Appendix**                      Unaudited 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.
Equalities Implications	There are no equality implications arising as a result of this report.
Climate Change Implications	There are no climate change implications arising as a result of this report.

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

**Unaudited  
Annual Accounts**

**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 8,400km<sup>2</sup>, 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.

The Partnership will develop a Target Operating Model for transport in Scotland, showing what it considers to be the:

- Ideal split of roles and responsibilities between national, regional and local levels
- Any additional powers required by RTPs to facilitate delivery of this model

This model will then be used to inform SEStran's responses to the two main consultations taking place in 2026/27 – the Transport Scotland review of Transport Governance, and the Scottish Government's work on empowering Regional Economic Partnerships.

### 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)
- 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 for around 15 years, but, in 2024/25, it was reduced by 5% in line with reductions across the Scottish Government. In absolute terms, Council requisitions have reduced by 10% over the last 15 years. Taken together, in real terms, funding from Transport Scotland and our Council partners has reduced by well over 50% over the last 15 years.

This reduced level of funding from Transport Scotland continued into 2025/26 and will remain at this level in 2026/27. However, 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. It is understood that the split of funding across RTPs is being examined, as smaller RTPs have long argued that they are underfunded in relation to larger RTPs such as SEStran. We support this argument as long as our current level of funding is taken as a baseline, and the percentage split is changed by the award of new funding to the smaller RTPs. We will resist any attempts to reduce our current funding by re-allocating some of it to the smaller RTPs.

#### 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 £9m in 2026/27 to tackle transport barriers to reducing child poverty. SEStran will receive £2.5m 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, with council budgets already under significant pressure, it was decided to delay any increase and to fully consider how we can best work with our partners. It is anticipated that, at the September 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.

# The South East of Scotland Transport Partnership (SESTRAN)

## Management Commentary (*continued*)

### 4. Risks and Opportunities (*continued*)

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.

### 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.

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, indicate 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 net revenue budget of the Partnership in 2025/26 was £0.933m, funded by Scottish Government grant of £0.743m and Council Contributions of £0.190m. In summary:

- The Partnership had a Core budget underspend of £22,000.
- After inclusion of carry forward of £0.264m from the 2024/25 Projects budget underspend, the Partnership had a Projects budget underspend of £0.097 in 2025/26. A further £0.061m of Projects expenditure is carried forward to 2026/27 to meet future lease commitments for an electronic bicycle scheme.

# The South East of Scotland Transport Partnership (SESTRAN)

## Management Commentary (*continued*)

### 5. Results for the Year (*continued*)

A summary of the 2025/26 financial results is shown in the table below.

	Revised Budget £'000	Earmarked Reserves from 24/25 £'000	Total Available Funding £'000	Outturn £'000	Variance from Total Funding £'000
<b>Core Budget</b>	856	0	856	864	(22)
<b>Core Budget</b> - Interest Received	0	0	0	(30)	
<b>Revenue Projects</b> - Expenditure	6,483	251	6,734	6,778	(97)
<b>Revenue Projects</b> - Income	(6,406)	13	(6,393)	(6,534)	
<b>Revenue Projects</b> - Electronic Bicycle Lease	0	84	84	23	(61)
<b>Total Expenditure before Government Grant and Council Contributions</b>	<b>933</b>	<b>348</b>	<b>1,281</b>	<b>1,101</b>	<b>(180)</b>
<b>Government Grant</b>	(743)	0	(743)	(743)	0
<b>Constituent Council Requisitions</b>	(190)	0	(190)	(190)	0
<b>Total Government Grant and Council Contributions 2025/26</b>	<b>(933)</b>	<b>0</b>	<b>(933)</b>	<b>(933)</b>	<b>0</b>

#### 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) and IT device refresh (£11,000), resulting in a net Core budget underspend of £22,000.

#### Projects budget

The Partnership incurred expenditure of £6.778m on revenue projects and received external grants and contributions of £6.534m. After inclusion of carry forward of £0.264m from the 2024/25 Projects budget underspend, the Partnership had a Projects budget underspend of £97,000 in 2025/26.

A further £0.061m of Projects expenditure is carried forward to 2026/27 to meet future lease commitments for an electronic bicycle scheme.

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

- £50,000 - Freight Strategy
- £37,000 - RTS Delivery Plan

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.

# The South East of Scotland Transport Partnership (SESTRAN)

## Management Commentary (*continued*)

### 5. Results for the Year (*continued*)

#### 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, supporting the economic and net-zero goals of the Regional Prosperity Framework. The Regional Transport Strategy Delivery Plan supports the delivery of a transport network that:

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

The Regional Transport Strategy Delivery Plan complements Strategic Transport Projects Review 2 (STPR2), highlighting projects within and outside the plan that contribute to the Partnership's vision for transport in South East Scotland. Over the course of 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 partner local authorities to develop a matrix of regional projects. They agreed scoring and weighting that brings parity across our eight authorities.

In 2025/26 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 Q1 of 2026/27. 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. We funded over 100 project across the region, delivering multi million 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.

# The South East of Scotland Transport Partnership (SESTRAN)

## Management Commentary (*continued*)

### 5. Results for the Year (*continued*)

#### People and Place (*continued*)

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.

#### 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 it will be argued that tackling these barriers will result in significant returns elsewhere in the economy, and that the costs should be shared across central and local governmental departments.

#### Regional Bus Strategy

The Partnership Board has 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 account for 75% of commuter journeys across Scotland. 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.

# The South East of Scotland Transport Partnership (SESTRAN)

## Management Commentary (*continued*)

### 5. Results for the Year (*continued*)

#### 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.

### 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 relatively confident that Transport Scotland will confirm funding of up to £500k, 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 – possibly up to £100k 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, but we are happy to report that all partners accepted the reduction and understood that it was completely out of our hands. They have worked with us to adjust their plans and timetables and we will still make measurable inroads in 2026/27.

#### 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 South East of Scotland Transport Partnership (SESTRAN)

## Management Commentary (*continued*)

### 6. Future Developments (*continued*)

#### Regional Bus Strategy Delivery Plan (*continued*)

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 £2.5m 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 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.

The Concordat between SEStran and the Edinburgh and South East Scotland City Region Deal, agreed in 2024:

- Strengthens collaboration, joint working, co-production and engagement between the organisations
- Ensures a robust basis for integrated regional economic development, land-use and transport planning, provision and delivery
- Ensures South East Scotland fulfils its potential as Scotland's foremost region

# The South East of Scotland Transport Partnership (SESTRAN)

## Management Commentary (*continued*)

### 6. Future Developments (*continued*)

#### Workforce Mobility Project (*continued*)

This partnership approach has already paid dividends in the form of the successful Electric Vehicle Charging Infrastructure Procurement programme, and work to date on the Regional Transport Strategy Delivery Programme and the SEStran Transit Programme.

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.

### 7. Certification

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

# The South East of Scotland Transport Partnership (SESTRAN)

## STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

### The Partnership's Responsibilities

The Partnership is required:

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

### The Treasurer's Responsibilities

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

In preparing the Annual Accounts, the Treasurer has:

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

The Treasurer has also:

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

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

Treasurer: RICHARD LLOYD-BITHELL, CPFA \_\_\_\_\_ Date signed:

# The South East of Scotland Transport Partnership (SESTRAN)

## ANNUAL GOVERNANCE STATEMENT 2025/26

### 1. Scope of Responsibility

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 make arrangements to secure continuous improvement in the way its functions are carried out.

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

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

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

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

### 2. The Partnership's Governance Framework

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

The 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.

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.

# The South East of Scotland Transport Partnership (SESTRAN)

## ANNUAL GOVERNANCE STATEMENT 2025/26 (*continued*)

### 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.

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

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

# The South East of Scotland Transport Partnership (SESTRAN)

## ANNUAL GOVERNANCE STATEMENT 2025/26 (*continued*)

### 4. Review of Effectiveness (*continued*)

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

The Partnership has undertaken an evaluation of compliance with the Financial Management Code.

The Partnership's financial management arrangements are assessed as being compliant with the FM Code.

### 5. 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. 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.

### 7. Certification

In compliance with accounting practice, the Treasurer has provided the Partnership Director with a statement on the adequacy and effectiveness of the Partnership's internal financial control system for the year ended 31st March 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.

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

# The South East of Scotland Transport Partnership (SESTRAN)

## REMUNERATION REPORT

### 1. Audit of Remuneration Report

Sections 5, 6, 7 and 8 on pages 15 and 16 in the Remuneration Report will be audited by the Partnership's external auditor. The other sections in the Remuneration Report will be reviewed by the external auditor to identify 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*)

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### 7. Pension Entitlement

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

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

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

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

	<b>Contribution rate</b>
<b>Whole Time Pay</b>	
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.

### 8. 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.

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

The Partnership is required to report information on facility time made available to employees who are trade union representatives. For 2025/26, no individual spent time during the year on trade union-related activities.

# The South East of Scotland Transport Partnership (SESTRAN)

## MOVEMENT IN RESERVES STATEMENT

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

### 2024/25 - Previous Year Comparative

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

### 2025/26 - Current Financial Year

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

# 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	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	Services	£'000	£'000	£'000
858	(5)	853	Core	845	0	845
5,213	(5,197)	16	Projects	6,801	(6,534)	267
<b>6,071</b>	<b>(5,202)</b>	<b>869</b>	<b>Cost Of Services</b>	<b>7,646</b>	<b>(6,534)</b>	<b>1,112</b>
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)
<b>6,236</b>	<b>(6,343)</b>	<b>(107)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>7,852</b>	<b>(7,705)</b>	<b>147</b>
			<b>Other Comprehensive Income and Expenditure</b>			
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	190	0	190
0	(28)	(28)	Other Experience	25	0	25
71	0	71	Return on Assets excluding amounts included in net interest	0	(53)	(53)
<b>537</b>	<b>(506)</b>	<b>31</b>	<b>Total Other Comprehensive Income and Expenditure</b>	<b>231</b>	<b>(164)</b>	<b>67</b>
<b>6,773</b>	<b>(6,849)</b>	<b>(76)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>8,083</b>	<b>(7,869)</b>	<b>214</b>

# 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)	24	0
<b>152</b>	<b>Long term assets</b>		<b>105</b>
2,212	Short-term debtors	13	3,182
1,327	Cash and cash equivalents	14	766
<b>3,539</b>	<b>Current assets</b>		<b>3,948</b>
0	Contributions and Grants Received in Advance		(138)
(3,001)	Short-term creditors	15	(3,444)
<b>(3,001)</b>	<b>Current liabilities</b>		<b>(3,582)</b>
(11)	Property Lease	22	(6)
<b>(11)</b>	<b>Long-term liabilities</b>		<b>(6)</b>
<b>679</b>	<b>Net assets/ (liabilities)</b>		<b>465</b>
	<b>Financed by:</b>		
569	Usable reserves	16	401
110	Unusable reserves	17	64
<b>679</b>	<b>Total reserves</b>		<b>465</b>

The unaudited Annual Accounts were issued on the 12th June 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
		<b>OPERATING ACTIVITIES</b>		
(3,730)		Government Grants	(6,267)	
(176)		Constituent Council Requisitions	(190)	
(5)		Interest paid/ (received)	(44)	
(1,470)		Other receipts from operating activities	(186)	
	<b>(5,381)</b>	<b>Cash inflows generated from operating activities</b>		<b>(6,687)</b>
768		Cash paid to and on behalf of employees	829	
3,513		Cash paid to suppliers of goods and services	6,401	
	<b>4,281</b>	<b>Cash outflows generated from operating activities</b>		<b>7,230</b>
	<b>(1,100)</b>	<b>Net cash flows from operating activities</b>		<b>543</b>
		<b>INVESTING ACTIVITIES</b>		
1		Purchase of property, plant and equipment	18	
0		Proceeds from the sale of property, plant and equipment	0	
	<b>1</b>	<b>Net cash flows from investing activities</b>		<b>18</b>
		<b>FINANCING ACTIVITIES</b>		
0		Other receipts from financing activities	0	
	<b>0</b>	<b>Net cash flows from financing activities</b>		<b>0</b>
	<b>(1,099)</b>	<b>Net (increase)/ decrease in cash and cash equivalents</b>		<b>561</b>
	<b>228</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>1,327</b>
	<b>1,327</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 14)</b>		<b>766</b>

# The South East of Scotland Transport Partnership (SESTRAN)

## NOTES TO THE ANNUAL ACCOUNTS

### 1. STATEMENT OF ACCOUNTING POLICIES

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#### 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)*

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#### 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)*

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#### 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)*

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#### 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**

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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**

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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 18).

#### Expenditure and Funding Analysis

	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES
	£'000	£'000	£'000
<b>2025/26</b>			
Core	864	(19)	845
Projects	267	0	267
<b>Net Cost of Services</b>	<b>1,131</b>	<b>(19)</b>	<b>1,112</b>
<b>Other Income and Expenditure</b>			
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)
<b>(Surplus) or deficit on the provision of services</b>	<b>168</b>	<b>(21)</b>	<b>147</b>
	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES
	£'000	£'000	£'000
<b>2024/25</b>			
Core	820	33	853
Projects	16	0	16
<b>Net Cost of Services</b>	<b>836</b>	<b>33</b>	<b>869</b>
<b>Other Income and Expenditure</b>			
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)
<b>(Surplus) or deficit on the provision of services</b>	<b>(141)</b>	<b>34</b>	<b>(107)</b>

# The South East of Scotland Transport Partnership (SESTRAN)

## NOTES TO THE ANNUAL ACCOUNTS

### 6. EXPENDITURE AND FUNDING ANALYSIS *(continued)*

#### Expenditure and Funding Analysis *(continued)*

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

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

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

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

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

# 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
<b>Adjustments primarily involving the <u>Capital Adjustment Account</u></b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Charges for depreciation and impairment of non-current assets	55	(55)			(55)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Contributions credited to the CIES that have been applied to capital financing	(14)	14			14
<b>Adjustments primarily involving the <u>Pensions Reserve</u></b>					
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
<b>Adjustments primarily involving the <u>Accumulated Absence Account</u></b>					
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)
<b>Total Adjustments</b>	<b>(21)</b>	<b>(41)</b>	<b>(5)</b>	<b>67</b>	<b>21</b>

# 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
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Charges for depreciation and impairment of non-current assets	58	(58)			(58)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>					
Contributions credited to the CIES that have been applied to capital financing	(5)	5			5
<b>Adjustments primarily involving the Pensions Reserve</b>					
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
<b>Adjustments primarily involving the Accumulated Absence Account</b>					
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)
<b>Total Adjustments</b>	<b>34</b>	<b>(53)</b>	<b>(12)</b>	<b>31</b>	<b>(34)</b>

# The South East of Scotland Transport Partnership (SESTRAN)

## NOTES TO THE ANNUAL ACCOUNTS

### 8. TRANSFERS TO/FROM EARMARKED RESERVES

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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

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	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
	<hr/>	<hr/>
	(32)	(43)
	<hr/>	<hr/>

### 10. TAXATION AND NON SPECIFIC GRANT INCOME

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

# The South East of Scotland Transport Partnership (SESTRAN)

## NOTES TO THE ANNUAL ACCOUNTS

### 11. PROPERTY, PLANT AND EQUIPMENT

#### 11.1 Movements on balances:

Movements in 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
<b>Accumulated Depreciation</b>				
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)
<b>Net Book Value</b>				
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
<b>Cost or Valuation</b>				
At 1st April 2024	0	839	11	850
Additions	21	0	0	21
De-Recognised Assets	0	(408)	0	(408)
At 31st March 2025	<u>21</u>	<u>431</u>	<u>11</u>	<u>463</u>
<b>Accumulated Depreciation</b>				
At 1st April 2024	0	(661)	0	(661)
Depreciation charge	(5)	(53)	0	(58)
De-Recognised Assets	0	408	0	408
At 31st March 2025	<u>(5)</u>	<u>(306)</u>	<u>0</u>	<u>(311)</u>
<b>Net Book Value</b>				
At 31st March 2025	<u><u>16</u></u>	<u><u>125</u></u>	<u><u>11</u></u>	<u><u>152</u></u>

#### 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

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#### 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

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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
	<hr/>	<hr/>
	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 Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Trade creditors	1,589	1,589	1,253	1,253

  

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

### 13. DEBTORS

	31st March 2026	31st March 2025
	£'000	£'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

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

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

### 15. CREDITORS

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	<b>31st March 2026 £'000</b>	<b>31st March 2025 £'000</b>
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)
	<hr/> <b>(3,444)</b>	<hr/> <b>(3,001)</b>

### 16. USABLE RESERVES

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

# 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)
	64	110

#### 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	81	131
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	95	136

#### 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)*

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#### 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

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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
	13	13

### 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
<b>Credited to Taxation and Non Specific Grant Income</b>		
Scottish Government - Revenue Grant	(743)	(743)
Constituent Council Requisitions (Note 21.3)	(190)	(190)
	(933)	(933)
<b>Credited to Services</b>		
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 - SPT	(8)	0
Contribution - West Lothian Council	0	(1)
Contribution - HITRANS	(14)	0
Contribution - NESTRANS	(1)	(3)
Contribution - SPT	0	(5)
Contribution - SWESTRANS	(2)	(2)
Contribution - TACTRAN	(26)	(7)
Contribution - ZETRANS	(1)	(1)
	(6,540)	(5,201)

Agency income has been removed from the Grant Income credited to services note, in accordance with the Code of Practice.

# 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 £'000	2025/26 Income £'000	2025/26 Debtor/ (Creditor) £'000	2024/25 Net Expenditure £'000	2024/25 Debtor/ (Creditor) £'000
<b>Revenue Expenditure - Support Services</b>				0	
City of Edinburgh Council - Financial and Clerking Services	42	0	0	42	0
Falkirk Council - HR Services	1	0	(1)	0	0
<b>Revenue Expenditure - Interest on Revenue Balances</b>					
City of Edinburgh Council	0	(30)	0	(44)	0
<b>Revenue Expenditure - Grants/ Other</b>					
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)
	<b>3,236</b>	<b>(6,473)</b>	<b>694</b>	<b>(2,664)</b>	<b>(103)</b>

# 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
<b>Revenue Income - Requisitions</b>				
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
<b>Revenue Income - Agency Income</b>				
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
<b>Office Accommodation - Victoria Quay, Edinburgh</b>		
• 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.

On 15th December 2023, the Partnership entered an Agreement with Brompton Bike Hire Limited for the provision of two eight-bay Brompton Hire bicycle docks and sixteen hire bicycles over a period of five years at a total cost of £113,564. The full value of £113,564 was paid in 2023/24. This Agreement does not meet the requirements to be recognised as a Right of Use Asset under IFRS16.

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
<b>Hire Bicycles, Bicycle Docks, Office Printer, SIM cards.</b>		
• 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
<b>Comprehensive Income and Expenditure Statement</b>				
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	94		111	
		94		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
<b>Total post employee benefit charged to the surplus on the provision of services</b>		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	(53)		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	190		466	
Other experience	25		(28)	
		67		31
<b>Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement</b>		159		142
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		(67)		(31)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
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	3,909	3,541
* Restriction in Pension Asset	(1,360)	(1,106)
Present value of funded liabilities	(2,549)	(2,435)
	<hr/>	<hr/>
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	53	(71)
Contributions from employer	159	142
Contributions from employees into the scheme	42	36
Benefits paid	(94)	(94)
	<hr/>	<hr/>
Closing fair value of scheme assets	3,909	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
	<hr/>	<hr/>
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
	<hr/>	<hr/>
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 *	492.9	12.6	448.7	12.7
Manufacturing *	470.2	12.0	426.3	12.0
Energy and Utilities *	200.3	5.1	198.1	5.6
Financial Institutions *	235.7	6.0	197.7	5.6
Health and Care *	264.5	6.8	223.9	6.3
Information technology *	137.2	3.5	109.5	3.1
Information technology	0.1	0.0	0.1	0.0
Other *	250.1	6.4	238.6	6.7
Sub-total Equity Securities	<u>2,051.0</u>		<u>1,842.9</u>	
Debt Securities:				
Corporate Bonds (investment grade) *	64.5	1.7	0.0	0.0
Corporate Bonds (non-investment grade)	53.5	1.4	0.0	0.0
UK Government *	729.9	18.7	617.5	17.4
Other *	0.0	0.0	58.1	1.6
Sub-total Debt Securities	<u>847.9</u>		<u>675.6</u>	
Private Equity:				
All *	4.7	0.1	5.4	0.2
All	3.5	0.1	600.4	17.0
Sub-total Private Equity	<u>8.2</u>		<u>605.8</u>	
Real Estate:				
UK Property *	21.9	0.6	0.0	0.0
UK Property	141.1	3.6	133.2	3.8
Overseas Property *	8.0	0.2	0.0	0.0
Overseas Property	10.6	0.3	0.0	0.0
Sub-total Real Estate	<u>181.6</u>		<u>133.2</u>	
Investment Funds and Unit Trusts:				
Equities *	6.7	0.2	6.2	0.2
Bonds *	7.1	0.2	51.6	1.5
Bonds	0.0	0.0	60.6	1.7
Infrastructure	625.3	16.0	13.7	0.4
Other *	0.0	0.0	29.3	0.8
Sub-total Investment Funds and Unit Trusts	<u>639.1</u>		<u>161.4</u>	
Derivatives:				
Foreign Exchange *	0.0	0.0	0.7	0.0
Sub-total Derivatives	<u>0.0</u>		<u>0.7</u>	
Cash and Cash Equivalents				
All *	181.2	4.6	121.4	3.4
Sub-total Cash and Cash Equivalents	<u>181.2</u>		<u>121.4</u>	
Total Fair Value of Employer Assets	<u><u>3,909.0</u></u>		<u><u>3,541.0</u></u>	

*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)*

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#### 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 7.3%

	<b>2025/26</b>	<b>2024/25</b>
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	249	0	249	
Interest cost on defined benefit obligation	0	(162)	(162)	
Interest on the effect of the asset ceiling	0	0	(86)	
Total Net Interest Cost	249	(162)	1	
Total included in Profit or Loss	249	(249)	(86)	

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)*

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#### **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

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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.