

SESTRAN PARTNERSHIP BOARD SPECIAL MEETING

**Virtual Meeting - Microsoft Teams
10am Friday 17th July 2026**

10am PARTNERSHIP BOARD

AGENDA

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AGENDA A – POINTS FOR DECISION

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Proposed SEStran position on governance and regionalisation discussions

1. INTRODUCTION

- 1.1 This report seeks an agreed position on the role that SEStran should play to enable and drive delivery of the region's ambitious economic growth targets, and explores how existing legislation can help us to do this at pace, putting transport in the vanguard of public service reform.
- 1.2 Agreement to the recommendations in this report will allow officers to take that position into discussions with the Scottish Government, regional economic partnerships and growth deals, local authorities, and others, reporting back to the Board on a regular basis.

2. BACKGROUND

- 2.1 Transport governance in Scotland i.e. the split of responsibilities between national, regional and local levels, has remained roughly constant since the mid-2000s, following the establishment of Regional Transport Partnerships as statutory bodies under the Transport (Scotland) Act 2005 and the creation of Transport Scotland (TS) as an Executive Agency of the Scottish Government (SG).
- 2.2 There are now several workstreams which are either designed to review this governance, or may impact it as part of a wider initiative:
- **The reintegration of Transport Scotland into the wider Scottish Government** as part of its Public Service Reform (PSR) commitment to eliminate duplication and improve coherence.
 - **The Transport Scotland review of transport governance:** the scope has not yet been announced but this is expected to ensure that transport roles and responsibilities are undertaken according to the principle of subsidiarity. The impact of the TS reintegration into SG on the timing of this review is not yet known.
 - **The Transport Scotland review of Regional Transport Partnerships' funding:** the scope has not yet been announced, but is expected to ensure that the smaller RTPs receive a proportion of Scottish Government funding that recognises that, despite having much smaller populations than the largest RTPs (SPT and SEStran), they have to deal with the same range of transportation challenges and opportunities.
 - **Empowering regional partnerships:** In November 2025, the First Minister outlined proposed legislation aimed at 'empowering regional partnerships to unlock new powers and deliver on local priorities'. The proposed legislation is set to be introduced during

the current parliament and will aim to enhance the strategic capacities and roles of regional partnerships, such as the Edinburgh and South East Scotland City Region, by providing additional devolved competencies over time. The FM specifically mentioned competencies including skills, economic development, and planning, which are essential for driving inclusive economic growth in a way that is both local and strategic. However, transport is a key enabler of economic growth, and there is widespread agreement that it should be included in the conversation.

- **Public service reform:** The Scottish Government has committed to build on the Christie approach to Public Service Reform, around which there is broad consensus. As part of the wider public service reform agenda, SEStran is likely to be expected to strengthen collaboration across geographies and sectors, reduce unnecessary duplication, identify synergies and efficiencies, and support continuous improvement

2.3 The Partnership Board has received a number of updates on the progress of the various discussions outlined in 2.2 over the past 12 months.

2.4 At its meeting on 26 March this year, the Board considered [a report](#) on work that had been undertaken on potential regional governance models and functions, since the previous Board meeting in December 2025..

Noting the report, the Board agreed as follows:

- That the Partnership Director be authorised to engage to the fullest extent possible with the Transport Scotland review of governance.
- That the Partnership Director be authorised to engage to the fullest extent possible with the four growth deals in the SEStran region to pursue alignment on regional governance models for transport and associated functions.
- To note the ongoing inter-regional transport partnership discussions via regional transport partnership leads and chairs forums.
- To note that a future paper on the corporate strategy will introduce proposals for SEStran's position in the governance framework.

2.5 At the Board meeting on 19 June 2026, the Partnership Director, in his update, stressed that there was now a need for urgent decisions, as discussions were likely to gather pace over the summer. In particular, the appointment of consultants by Edinburgh and South East Scotland City Region Deal ('the City Deal') to report on regional governance model options in July 2026, and recent Ministerial announcements on advancing regionalism and re-integrating Transport Scotland into the Scottish Government, present an opportunity for SEStran to have a clear position to aid national and regional discussions.

2.6 In summary, the SG commitment to empower regional partnerships, especially when combined with the governance and PSR reviews, presents a generational opportunity to recognise the importance of transport, in

combination with economic development and land use planning, to driving the economic growth required to deliver the whole range of SG objectives.

3. CURRENT POSITION AND THE NEED FOR SPEED

3.1 The overall context of regionalisation was set out in the March Board report. However, in brief:

- There is a growing shift in policy across sectors at Scottish and UK Government level towards devolution of powers to regional bodies, particularly in the so-called 'city regions' of northern England and southern Scotland.
- In south east Scotland, the main discussions revolve around the Edinburgh and Southeast Scotland City Region, although it should be borne in mind parts of the SEStran region also fall within Growth Deals in the Borders, Falkirk, and Tayside.
- Inevitably a large part of the debate has revolved around relationships between existing bodies, both at different levels (local, regional and national) and across sectors.
- The current Holyrood administration has indicated a willingness to introduce enabling legislation to allow regional partnerships to be formed. There is little detail available yet on what the legislation would look like, and, although it is projected for this parliamentary term, it is unlikely to be brought into force for some time.
- The Scottish Government's public service reform agenda includes a focus on reducing duplication and rationalising public bodies. Public reporting has suggested that the status of Transport Scotland as an executive agency may be reviewed, but the legal and operational implications for RTPs remain to be confirmed.
- In the transport context, there is a history, going back at least 11 years, of support for the concept of more delivery at a regional level, with various working groups having recommended this be taken forward.

3.2 There is a commitment from the Scottish Government to enabling legislation for regional partnerships. However, the exact shape of such legislation is unlikely to be clear for some time.

3.3 The consultants appointed by the City Deal to investigate the possibilities, Metro Dynamics, held a 'Strengthening Regional Partnerships – Place' workshop session on 18 June, which Sustran officers attended. A further meeting, specifically with SEStran officers, took place on 23 June.

3.4 At both meetings, SEStran's position in terms of the March Board report was put forward. However, officers felt that, to put forward a comprehensive proposition for how regional transport could be planned and delivered in South East Scotland in the future, further Board input was essential.

3.5 With that in mind, it is proposed that this time sensitive priority is taken forward in advance of the overall corporate strategy.

4. SESTRAN'S OPERATING MODEL, AND GREATER FLEXIBILITY

4.1 The March Board report discussed the different 'models' of regional transport partnerships:

- SEStran is a 'model 1' partnership. This means its main function is to set in place a regional transport strategy and monitor its implementation. In reality SEStran has always done much more than its core function, as discussed in 4.2.
 - Four of the seven RTPs in Scotland are Model 1 partnerships: SEStran, HITRANS, Nestrans and Tactran;
- 'Model 2' was described in the 2006 Guidance which put forward these models as including 'some transfers of functions from the constituent councils or the Scottish Ministers to RTPs'.
 - There has never been a model 2 partnership.
- 'Model 3' is a much more operational model: SPT in the west of Scotland, which operates the Glasgow Subway and co-ordinates bus services across southwest Scotland, is the prime example of a model 3 partnership. Two smaller RTPs, whose boundaries are contiguous with single councils, are also model 3 authorities, namely ZetTrans and SWestrans.
 - SPT, SWestrans and ZetTrans are model 3 partnerships

4.2 As discussed in the March report, these models are derived from 2006 Guidance which, in itself, reached back to a pre-2005 Act reality where SPT operated as a Passenger Transport Executive and SEStran operated as a voluntary partnership which gave grants to its constituent councils for transport projects of regional significance – the 'model' for model 1 partnerships.

4.3 SEStran's recent and current priority programmes demonstrate how the partnership has developed, supported and delivered regional programmes beyond its core strategic transport role (within the scope of its statutory functions and agreed partnership arrangements) to optimise input, opportunities and regional outcomes across transport, economic development and land use planning.

4.4 Since 2023, SEStran has, amongst other things:

- Developed the Regional Transport Strategy
- Co-ordinated the collaborative procurement of electric vehicle charging infrastructure by all regional partners
- Worked with partners to prioritise 'regional' transport projects and sort them into 6 key themes – mass transit, active travel, freight, interchanges and mobility hubs, data and digital (including co-delivery of the Workforce Mobility Project with the City Region), and decarbonisation

- Established, and is leading, programmes to tackle the highest priority regional transport themes:
 - SEStran (regional mass transit network)
 - Regional Bus Strategy Delivery Plan
 - People and Place (active travel behaviour change)
 - Travel to Healthcare
 - Travel to Employment (tackling transport barriers to eliminating child poverty)
 - Regional Transport Strategy Delivery Plan (mainly incorporating other RTSDP themes not included in the above list of programmes e.g. freight)

4.5 RTPs are already in place and existing powers mean that they can react much more quickly to the current challenges facing regional partnerships, using current legislation. More than that, given the crucial role of transport in delivering infrastructure for other sectoral growth, SEStran can be at the forefront of public service reform, using existing partnership working. Recent examples of RTPs flexibility and ability to react at pace are the People and Place and Transport to Employment programmes, both of which were mobilised from a standing start within a matter of weeks.

4.6 One complication in the SEStran context is that regional boundaries are not aligned. SEStran is composed of 8 local authorities. SESplan, the former regional land use planning body set up in 2006, covered most of 6 authorities but excluded Clackmannanshire and Falkirk, as well as North East Fife. The Edinburgh and South East Scotland City Region Deal follows the same boundaries as SESplan, and it is likely that SESplan's replacement, a Regional Spatial Strategy, will also be limited to the 6 council areas. This does not necessarily mean that SEStran should follow the same boundaries, particularly given:

- The fact that the Forth Green Freeport covers Falkirk, Fife and Edinburgh
- The Scottish Government's policy towards greater partnership between Glasgow and Edinburgh. In that context, Falkirk and Clackmannanshire – which form part of SEStran's boundary with SPT – will be critical for joint projects.

5.0 **2027/8: A VISION FOR AN ENHANCED REGIONAL TRANSPORT PARTNERSHIP**

5.1 An enhanced role for SEStran could start to develop as early as the current financial year. In order to properly drive economic growth, SEStran should be:

- May seek to become the regional coordinating and delivery body for regionally significant roads-related transport functions
- Responsible for the analysis, prioritisation and funding of all regional transport schemes (e.g. projects arising from the SEStran programme)

- Responsible for the co-ordination of all cross-boundary transport schemes (e.g. public transport, roadworks)
- Responsible for managing implementation of cross-boundary or national strategies (e.g. car use reduction)

5.2 Section 14 of the Transport (Scotland) Act 2005 provides a mechanism for SEStran to enter into arrangements with the Scottish Ministers or relevant councils for it to perform specified transport functions. Any such arrangement should clearly define the functions to be performed, the parties' respective responsibilities, decision-making authority, funding, reporting, governance and liability arrangements.

5.3 To a large extent this could involve Scottish Ministers acting through Transport Scotland entering into arrangements with SEStran for the performance of specified transport functions, together with appropriate funding and governance arrangements. This can also be done where appropriate by local councils. Key to the success of this would be the funding made available: multi-year funding announced before the beginning of each financial year.

6. PROPOSALS IN SUMMARY

6.1 The Scottish Government's emerging public service reform programme recognises that many public policy challenges cannot be addressed effectively through traditional organisational silos. Transport illustrates this clearly. Transport influences access to employment, healthcare, education, housing, leisure and community life. Transport does not exist on its own.

6.2 At the same time, many transport challenges are neither purely local nor purely national in nature. Travel-to-work areas, healthcare catchments, regional economies, visitor destinations and freight corridors routinely cross local authority boundaries. Effective solutions often require planning and delivery at a scale that sits between national policy and local implementation.

6.3 RTPs already work very well together at a national level, and have been encouraging TS to undertake a short, focused review of what transport functions can and should be delivered at national, regional and local levels, using the principle of subsidiarity. This would simultaneously unblock many of the current barriers to on the ground delivery and allow RTPs to ensure that transport investments are prioritised according to regional need.

- 6.4 SEStran is well placed to deliver regional transport projects. It is a separate statutory body, distinct from its constituent councils and from regional growth deal structures, while retaining a governance model rooted in local authority membership and regional partnership working. Through a set of straightforward agreements, the Regional Transport Strategy and its agreed Delivery Plan can be made reality. A significant degree of enhanced regional delivery may be capable of being progressed under existing statutory powers and properly documented agreements. However, any proposal to confer new statutory responsibilities, alter existing statutory functions, would require further analysis when the proposals are made.
- 6.5 SEStran has always worked closely with partners to align regional transport with economic development and spatial planning and see the REP as the next opportunity to build on this collective ambition and deliver the positive outcomes. However, don't have to wait for other sectors to catch up. Agreements could be in place in months.

7. RECOMMENDATIONS

- 7.1 Agree the overall approach set out in the report
- 7.2 Delegate to the Partnership Director authority to discuss matters with external partners on the basis set out in this report

Brian Butler
Partnership Director
10th July 2026

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

[Report to 26th March Board A4](#): Regional Governance Update

Policy Implications	Supports delivery of the Regional Transport Strategy
Financial Implications	None at present, although any changes to SEStran's role would require funding to be reviewed and agreed.
Equalities Implications	None related directly to this report.
Climate Change Implications	None related directly to this report.

Bus Fare Cap

1.	INTRODUCTION
1.1	This report sets out our current understanding of the Scottish Government's commitment to introduce a national £2 flat fare cap for single bus journeys.
1.2	We have met with Transport Scotland, and major bus operators and local authorities in our region, to understand their views on the ongoing £2 flat fare pilot in the north of Scotland, plans to roll the scheme out in the west of Scotland in the very near future, and commitment to legislate for a national scheme during this parliament.
1.3	Given that this is emerging policy with little concrete evidence yet from the pilot project in the North, this report recognises that there are significantly more questions than answers at this stage, and recommends continuing dialogue with the Cabinet Secretary for Economy, Tourism and Transport, and with Transport Scotland in order to develop a full understanding of the proposed scheme's likely impact on bus usage within the SEStran region.
2.	BACKGROUND
2.1	The Scottish Government's Fair Fares Review recognised that the cost and complexity of public transport can be a barrier to travel and identified a range of measures to improve affordability, simplify ticketing and encourage greater use of sustainable transport.
2.2	Following on from the Fair Fare Review, there has been a political appetite to create a capped fare to meet the needs of the users. This has resulted in a commitment to trialling a £2 capped fare which was set out in the SNP's manifesto prior to the election. Scotland's new £2 bus fare cap scheme is currently being piloted across the Highlands and Islands through a 12-month programme supported by Scottish Government funding. The pilot caps most eligible single bus fares at £2 in Shetland, the Western Isles, Orkney, Highland, Moray and Argyll and Bute.
2.3	Consistent with this, the SEStran Regional Bus Strategy promotes a bus network that is affordable, accessible, integrated and easy to use, with a strong focus on fare equity across the region. Key principles include improving value for passengers, developing multi-operator and multi-modal ticketing, reducing barriers created by inconsistent fare structures,

	supporting smart ticketing and fare capping, and ensuring that people who need to interchange are not penalised by higher costs. These principles also seek to make bus travel more competitive with private car use while supporting wider objectives around social inclusion, economic growth and decarbonisation.
2.4	The Scottish Government has also announced plans to expand the scheme beyond the pilot areas, beginning with parts of the west of Scotland, as part of a longer-term ambition to introduce legislation for a nationwide £2 bus fare cap. The logistics of this are currently being developed by Transport Scotland with details to be confirmed around costings, scale, and timescales.
2.5	Key timelines in the project to date include: Policy Development Phase (2024–2025) • March 2024 – Fair Fares Review • January–February 2025 – Budget approval • May 2025 – Programme for Government confirmation • Late 2025 – HITRANS and ZetTrans selected Pre-Implementation (Late 2025) • Nov–Dec 2025 – Operator engagement • Dec 2025 – Pilot areas confirmed Pilot Launch (2026) • 30 Jan 2026 – Shetland • 23 Feb 2026 – Western Isles • 9 Mar 2026 – Orkney • 23 Mar 2026 – Highland, Moray, Argyll & Bute Election and Manifesto Commitments (2026) • April 2026 – SNP manifesto commits to national rollout • April 2026 – First Minister confirms national rollout and also announces 100-day expansion to some west of Scotland local authorities Current Direction (June 2026 onward) • Ongoing expansion work • Phased national rollout approach
3.	KEY QUESTIONS
3.1	Although the entire bus industry welcomes the Cabinet Secretary's focus on bus, there is very little detail about the £2 fare cap currently available.

At the time of writing there are many more questions than answers, and operators, local authorities and SEStran are all keen to work with the Cabinet Secretary and Transport Scotland to jointly develop answers to the questions, which include:

Scheme Scope and Eligibility

- What journeys and services are included or excluded (e.g. long-distance routes, DRT, supported services)?
- How will the scheme interact with tourism and visitor travel?
- How will services crossing into existing pilot areas be treated?

Integration and Multi-Modal Ticketing

- How will the fare cap interact with integrated and multi-modal products such as ZoneCard, Tripper, Edinburgh Trams and the Glasgow Subway?
- Will services, such as night services, tourist-focused services, and airport services be included?
- How will Transport Scotland mitigate unintended shifts from rail and other modes to bus?

Funding, Affordability and Value for Money

- Is the current Transport Scotland budget sufficient to cover fare cap reimbursements and concessionary travel alongside other bus improvement funding?
- What modelling has been undertaken on costs, demand growth and reimbursement levels?
- How will Transport Scotland ensure the scheme delivers value for money and achieves its intended outcomes?

Reimbursement and Operator Sustainability

- How will operator reimbursement be calculated and administered?
- How will inflation, rising costs and changes in patronage be reflected in reimbursement arrangements?
- Will the legislation remove operators' choice in being part of the scheme?
- How will the scheme protect network viability, particularly for rural and marginal services, and ensure unintended consequences are accounted for?
- How will reimbursement work for DRT and local authority-supported services?

Delivery Model and Administration

- Will the scheme replicate the HITRANS/ZetTrans approach or adopt a different model?
- What systems and software will be used to manage reimbursement and reporting at scale?

	• How will participation be secured across operators? Passenger Demand and Network Capacity • What increase in patronage is expected? • Is existing infrastructure and network capacity sufficient to accommodate demand growth? • How will success be measured beyond fare affordability, including reliability and journey quality? Pilot Design and Evaluation • What are the pilot objectives, timescales and evaluation framework? • Will monitoring be undertaken throughout the pilot or only at completion? • How will a short pilot account for the time required to influence travel behaviour? Data Requirements and Governance • What data will operators be required to provide? • Will shadow fares be required and how will they be determined? • How will commercial confidentiality be protected? Wider Policy Impacts • What impact will the scheme have on concessionary travel, NSTAB, Bus Infrastructure Fund and other bus support mechanisms? • How will impacts on rail, subway, active travel and integrated transport networks be assessed? Future Direction and Exit Strategy • What happens when the pilot ends? • Will the principles in the West from the pilot be the blueprint for the rollout of the national scheme? • What provisions will exist for operator withdrawal, renegotiation and commercial continuity? • What communications and customer engagement strategy will support implementation and transition?
4.	ADDITIONAL INFORMATION
4.1	Fare setting, whilst an important lever in increasing public transport is regularly ranked by passengers and non-passengers alike at third or fourth in terms of priority. This means that fare-capping alone, in the absence of a regular, reliable and integrated bus service, is unlikely to result in significant increases in patronage or in modal shift.

4.2	The evidence from the similar scheme in England has demonstrated a low cost-benefit ratio, with some increase in bus patronage and very little discernible impact on car use. This highlights that affordability considerations must be considered in tandem with bus prioritisation and car use reduction initiatives.
4.3	A draft letter to Stephen Flynn, Cabinet Secretary for Economy, Tourism and Transport, is included at Appendix 1. The letter seeks a meeting between the Cabinet Secretary, some of the bus operators and local authorities in the SEStran region, and ourselves, in order to better understand the objectives of the scheme and to help ensure that it is a success.
5.	NEXT STEPS
5.1	• Send letter to Cabinet Secretary • Invite representatives from the SEStran Regional Bus Board to attend the meeting with the Cabinet Secretary
6.	RECOMMENDATIONS
6.1	The Partnership Board is asked to: • Agree the wording of letter to the Cabinet Secretary • Agree that the SEStran Regional Bus Board develops on recommendations on our regional approach

Rachael Murphy
Strategy Manager
10th July 2026

Appendix 1: Letter to Stephen Flynn, Cabinet Secretary (Draft)

Appendix 2: Chris Cheek's paper on bus reliability <https://www.cpt-uk.org/media/cynpennz/the-case-for-faster-buses-technical-report.pdf>

Appendix 3: Highland Council statistics on patronage under pilot scheme: <https://www.highland.gov.uk/news/article/17304/hop-on-board-2-bus-fares-make-exploring-the-highlands-easier-than-ever>

Appendix 4: Ember's position on £2 fare <https://bus-news.com/ember-calls-for-alternative-approach-to-scotlands-proposed-2-bus-fare-cap/>

Appendix 5: Evaluation of the DfT scheme in England: <https://assets.publishing.service.gov.uk/media/681b355b9ef97b58cce3e4e0/evaluation-of-the-first-10-months-of-the-2-bus-fare-cap.pdf>

Policy Implications	The proposed £2 bus fare cap theoretically aligns with the objectives of the Regional Transport Strategy and
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	Regional Bus Strategy by seeking to improve the affordability and accessibility of public transport, although further detail is required on the national policy framework and delivery model.
Financial Implications	At this stage there are no direct financial implications for SEStran, however any future implementation of a fare cap would require a clear and sustainable funding and reimbursement mechanism to avoid adverse impacts on operators and service provision.
Equalities Implications	An EQIA has been completed as part of the SEStran Regional Bus Strategy. Dependent on the delivery of the scheme, there is a risk of network shrinkage particularly in rural areas.
Climate Change Implications	If the fare cap encourages a shift from private car use to bus travel, it could contribute to reducing transport-related carbon emissions and support wider climate change objectives

17th July 2026

Dear Mr. Flynn,

I am writing on behalf of both the SEStran partnership board and regional bus board, on your ambitious manifesto commitment to introduce a flat fare across Scotland within this Parliamentary session. I know I speak for all members of both these boards, when I congratulate you on your focus on the role that bus can play in improving Scots opportunities to jobs, healthcare, and education by creating an affordable, available, and accessible public transport network.

We have been putting a strong emphasis on our bus network in the region as we understand it is a major enabler to opportunities, and the sector continues to face significant challenges in growing bus patronage. We have developed and published a Regional Bus Strategy which centres on three key objectives;

- improved service levels
- affordability
- quality

Taking this forward, we have developed an Action Plan and a Regional Bus Board consisting of operators, local authorities, and other key stakeholders. We are conscious that in our public consultation, which received over 5,000 responses, our main takeaway was that affordability is important but must be considered alongside people's concerns around reliability and consistency.

We would welcome the opportunity to understand and shape how the scheme and subsequent legislation might be devised, what lessons can be learnt from the pilot in the Highlands, and the expansion to the west in the coming months. Further, we would like to work with you to ensure that such a scheme offers best value for the passenger and can play a role in the increases patronage and partnership working which we have already seen the benefits of in Southeast Scotland.

Thank you very much for your consideration and we are looking forward to working with you in the future.

Kind regards,



Brian Butler

SEStran Partnership Director and Chair of the SEStran Regional Bus Board