COUNCIL REQUISITIONS

1 INTRODUCTION

1.1 The purpose of this report is to update the Partnership Board on engagement and further budget work undertaken since its meeting on 25 September 2026, and to seek approval of a revised proposal for council requisitions for 2027/28.

2 BACKGROUND

2.1 At the meeting on 25 September, the Board received a comprehensive report plus appendices which should be read in conjunction with this paper (see Background Papers below).

2.2 It was recommended that the Partnership Board:

- Approves the level of funding to be requested from each Council for 2027/28 at its meeting on 25 September.
- Approves the proposed methodology for calculating the level of funding to be requested from council partners for the following financial year

2.3 At the meeting, the Partnership Director summarised the prior engagement that had taken place with Board members and council officers, and explained that, with the exception of one council, feedback from officers had been supportive. A full summary of the governance process taken prior to the paper reaching the Board is given at Appendix 1.

2.4 During an extended discussion, members raised a number of questions. In particular, some members had concerns about the impact of the proposed increase to the requisition on their councils' transport budgets.

2.5 As a result, it became clear that not all members were in a position to support the recommendations at that time and the Board decided:

1. That consideration of this matter be continued to a special meeting of the Board to be held before its scheduled meeting in December 2026
2. That, prior to the special meeting, officers should undertake dialogue with the Cabinet Secretary
3. That delegated authority be granted to the Partnership Director to meet with council officers as required

3 DISCUSSIONS SINCE THE BOARD MEETING ON 25 SEPTEMBER 2026

3.1 Since that Board meeting, the Partnership Director has again written to senior officers with responsibility for assembling their councils' draft transport budget. The officers were asked to confirm whether their position on the recommendations had changed following the Board meeting. Those officers that remained supportive were asked whether they would be happy to brief their elected members prior to the special Board meeting, and to update SEStran officers about any issues that arose during these conversations.

3.2 Officers from six councils have since confirmed that they remain supportive of the proposal and that they will brief their members accordingly.

3.3 For one of the remaining councils, officers have confirmed that, on 13 November, discussions will take place with members to assure them that funding for the increase will not impact agreed transport interventions, particularly road safety measures. At the time of writing, it is anticipated that agreement will be reached to allow those members to support the requested increase.

3.4 As of the writing of this report, officers of the other remaining council have not given their support to the recommended increase. Discussions are continuing on the revised financial position and the value of the contribution to regional transport, with the aim of reaching agreement ahead of the Board meeting.

4 REQUISITION INCREASE AND 2027/28 SESTRAN BUDGET

4.1 Since the previous Board meeting, the 2027/28 Budget estimate has been further reviewed and refined. Further savings, including reduced pension strain contributions, of £83,000 have been identified and, as a result, the overall increase required has reduced from £257,000 to £174,000 (135% to 92%). The result of this change for each council is shown in Appendix 2.

4.2 The full proposed budget for 2027/28 is shown in Appendix 3. This presents net expenditure that is £23,000 lower than current approved expenditure for 2026/27, and also represents a £149,000 reduction on the equivalent figure for 2025/26. SEStran has supported local and national partners over this period to deliver increasingly complex investment in regional transport, while also responding to changing government policy around regional bus transport in particular. This demonstrates that SEStran has delivered an increased level of support for partners, at a reduced cost, despite significant increases in staff costs resulting from the national agreement negotiated by COSLA.

4.3 The key change in the budget for 2027/28 is the lack of a projected financial 'carry forward', or 'slippage'. In previous years, SEStran has carried over underspend that originally accumulated following the Covid pandemic, which has been used to offset

inflationary impacts, and to increase support for regional delivery programmes and policies. SEStran has also sought to draw in significant additional grant funding to deliver specific programmes, and to recharge relevant staff costs to this. Combined with the carry forward, this has meant the SEStran budget has been balanced year on year without the need to increase council requisitions.

4.4 With the final carry forward being spent in 2026/27 and a reduced level of grant funding being available, this option is no longer available. Despite the maximum possible core costs being recharged to external grants, there is now no alternative, if delivery is to be maintained at the current level, other than to increase council requisitions. The proposed increase is therefore not required to fund an increase in SEStran's overall net expenditure, but to replace non-recurring funding previously used to support the core budget.

4.5 Due to the single year funding model applied across the Scottish Government, Transport Scotland is unable to confirm funding for 2027/28 until after the Scottish Budget. In practice, it is not unusual for the funding to be confirmed as late as March or April. However, it is considered highly unlikely that funding for Regional Transport Partnerships will be increased for 2027/28.

4.6 Discussions have also been held with other Regional Transport Partnerships to understand their budgetary positions. They have all confirmed a similar budgetary position to SEStran and that their medium term financial plans forecast a funding shortfall.

4.7 Partner councils are encouraged to view the increased requisition as an investment in regional transport capacity and delivery across the South East of Scotland. The budget proposed for 2027/28, which this investment will sustain, includes:

- Ongoing delivery of the regional bus action plan, led by the regional bus board
- Ongoing support for regional programmes including SEStransit, the RTS Delivery Plan, and People and Place grant funding
- The delivery of transport planning software to every council, achieving a saving by procuring the software regionally for the same total cost as each council would have paid individually
- Work with our NHS boards to improve transport to health, resulting in improved patient outcomes and savings for the NHS which could be redirected to support other local priorities

If the total council requisition is not increased to the recommended level, the outcomes and benefits associated with each of these regional programmes would be at risk.

4.8 As previously mentioned, to maintain the programme benefits and a similar level of net expenditure as in the current financial year, overall council requestions will be required to increase by £174,000, or 92% (down from £257,000 / 135%). While this still represents a significant percentage increase, it reflects the historically low

requisition base, which has not been increased since SEStran was established. Significant effort has been taken to keep this increase to a minimum, and this compares to a proposed increase of £257,000, or 135%, presented in the September Board paper. Changes to the budget have included:

- An increased staff recharge to the People and Place programme
- Small reductions across the project portfolio, balancing continuity of delivery while being mindful of the need to continue to make efficiency savings
- A reduction in the pension contribution rate that was communicated to SEStran since the last Board meeting.

4.9 The revised requisition is broken down as follows, alongside the estimated investment (excluding People and Place) in each council:

Council	Current Requisition	Requested increase	Proposed Requisition	Proposed investment (exc P&P)
City of Edinburgh	£61,630	£56,446	£118,076	£418,674
Clacks	£6,052	£5,416	£11,468	£40,664
East Lothian	£13,376	£12,503	£25,879	£91,761
Falkirk	£18,584	£17,021	£35,605	£126,248
Fife	£43,522	£39,582	£83,104	£294,672
Midlothian	£11,599	£10,709	£22,308	£79,099
Scottish Borders	£13,585	£12,369	£25,954	£92,028
West Lothian	£21,652	£19,955	£41,607	£147,529
Total	**£190,000**	**£174,000**	**£364,000**	**£1,290,676**

Note that figures in this table have been rounded and are based on current population estimates, so there may be some very minor changes to the final requisition split between authorities. Proposed investment is total spend across our key delivery programmes, including staff time, split pro rata across the region.

4.10 As set out above, it is important to distinguish the proposed increase in council requisitions from an increase in SEStran's overall spending. The revised 2027/28 budget has net expenditure £23,000 lower than the 2026/27 level and is £149,000 lower than in 2025/26. The additional investment from constituent councils is therefore not being sought to fund an expansion in core expenditure but reflects the exhaustion of historic carry-forward balances which have previously supported the core budget, together with reductions in other sources of funding.

4.11 Whilst the overall increase of 92% is high in percentage terms, the benefits that partners receive from SEStran relative to the total requisition cost will continue to represent excellent value for money. For councils that had otherwise anticipated procuring transport planning software independently, the regional provision should also be considered when assessing the net financial impact of the revised requisition. For example, the regional procurement of transport modelling software avoids the need for councils to meet the identified £45,000 cost from their own transport budgets. For councils considering procurement of such a system, this saving alone will offset all (or a significant proportion) of the increased requisition costs.

4.12 Clarity on council budgets for 2027/28 will not be provided until after the Scottish Budget has been agreed early in 2027. However, this paper has been provided as early as possible in order that partner councils can consider its implications as part of their individual budget setting processes.

4.13 As with any budget prepared this far in advance, figures within it and assumptions around funding are estimates. To support budget planning, this budget is conservative in its assumptions, in particular around:

- There is a chance of a small underspend on staff costs in 2026/27 due to delayed recruitment. As the current outturn for 2026/27 is still an estimate, this has not been included in the 2027/28 budget at this stage but, if it remains unspent at the end of the financial year, it will be carried forward and will reduce the final requisition requirement. An update on current spend to budget will be presented to Board on 4 December.
- No allowance has been made for the Workforce Mobility Project to continue. If funding is secured for this, it is likely that some additional core costs can be recharged to this external funding. This would reduce the final requisition requirement.
- No allowance has been made for the Transport to Employment grant fund to continue. If funding is secured for this, it is likely that some additional core and project costs can be recharged to this external funding. This would reduce the final requisition requirement.
- The budget is based on the core grant from Transport Scotland, and the People and Place grant, being fixed at 2026/27 levels. The position on these should be clearer after the Scottish Budget in December. If either of these change, then the budget and council requisition figures may need to be revisited.

4.14 SEStran's reserves are currently above the minimum level required by the existing reserves policy, which is based on 5% of the core budget. However, the policy predates the significant growth in externally funded activity managed by SEStran and, when considered against total expenditure, the current reserve equates to around 2.5%. The Treasurer’s advice has been that the reserves should be maintained at their current level pending a review of the reserves policy.

5 POTENTIAL NEXT STEPS

5.1 The Transport (Scotland) Act 2005 provides for the net expenses of a Regional Transport Partnership to be paid by its constituent councils. This statutory mechanism does not require the agreement of each constituent council to either SEStran's forecast net expenses or the proportion allocated to it. Disagreement by one or more constituent councils with the proposed increase does not in itself prevent the requisition from proceeding. Notwithstanding this position, SEStran has sought to secure agreement through the engagement described above and to align, as far as possible, council officers' and Board members' views and council budget-setting processes.

5.2 During the Board meeting, should it become clear that not all members approve the recommendation in the paper, there are two possible outcomes:

1. Recommendation 6.1 is approved by the Board, whether unanimously or by majority. The approved requisitions would then proceed in accordance with the statutory arrangements set out above.
2. Recommendation 6.1 is not approved by the Board, in which case the proposed increase in council requisitions would not proceed and the implications for the 2027/28 programme would require to be considered.

5.3 In the event that Recommendation 6.1 is approved but members appointed by one or more constituent councils vote against it, it is proposed that discussions would continue with officers of those councils prior to the next scheduled Board meeting on 4 December. An update on those discussions would be presented to that meeting. Any proposal arising from those discussions which would materially alter the approved requisitions or their apportionment between constituent councils would require to be considered and approved by the Board.

5.4 In the event that recommendation 6.1 is rejected, the SEStran programme portfolio for 2027/28 would require to be substantially reduced to reflect the lower level of funding available, with a revised programme reported to a future meeting of the Partnership Board. This will result in almost all SEStran projects which do not have discrete ring-fenced funding having significantly reduced budgets from 2027/28. These projects would include the Regional Bus Action Plan and Transport to Health.

6 RECOMMENDATIONS

6.1 It is recommended that the Partnership Board approves the level of funding to be requested from each Council for 2027/28 shown at 4.9

Brian Butler
Partnership Director
9th November 2026

Appendix 1 – Board paper engagement process
Appendix 2 – Requestion request change since 25th September 2026 Board
Appendix 3 – Proposed 2027/28 – 2029-30 Partnership Budget

Background paper – The paper on Council Requisitions, including the four appendices, presented to the Partnership Board on 25 September 2026

https://sestran.gov.uk/wp-content/uploads/2026/09/2026-09-25-Item-A3-Council-Requisitions.pdf

Policy Implications	There are no direct policy implications of this work. The proposed requisition would, however, support continued delivery of SEStran's statutory Regional Transport Strategy and associated programme of activity. A reduction in the funding available would require the 2027/28 programme to be reviewed and prioritised accordingly.
Financial Implications	The recommendations have significant financial implications for both SEStran and its partner councils. If approved, implementation of the Regional Transport Strategy will continue at pace. If rejected, the plan for 2027/28 will require significant rework and delivery of the Regional Transport Strategy will inevitably be negatively impacted.
Equalities Implications	There are no direct equalities implications arising from the proposed change to council requisitions. The funding would, however, support continued delivery of programmes and projects through the Regional Transport Strategy. A material reduction in the programme resulting from lower funding could delay or reduce the delivery of activities intended to improve accessibility and address inequalities in access to transport and opportunities.
Climate Change Implications	There are no direct climate change implications arising from the proposed change to council requisitions. The funding would, however, support continued delivery of programmes and projects through the Regional Transport Strategy, including activity intended to support more sustainable transport. A material reduction in the programme resulting from lower funding could delay or reduce delivery of this activity and the associated contribution towards climate objectives.

Appendix 1 – Board paper engagement process

1 STANDARD GOVERNANCE PROCESS

1.1 The usual process relating to Board papers is as follows:

- SEStran team members produce a draft agenda for the Performance and Audit Committee and Board meeting
- The agendas are discussed with the Chair and Deputy Chairs, and are amended as directed
- Early drafts of each Board paper are circulated to the Stakeholder Liaison Group for discussion, and may be amended as a result of feedback following a meeting of the Group
- Relevant papers are submitted to the Performance and Audit Committee, which consists of one member from each partner council and a number of non-councillor members, and may be amended as a result of feedback following the Committee meeting
- Board papers are circulated one week in advance of the Board meeting, and Board members are encouraged to submit questions or contact the SEStran team in advance of the meetings if clarification is required on any matters
- SEStran officers present the key elements of the paper to the Board for discussion, and the recommendations are then put to Board members for approval

This process is in line with SEStran's Standing Orders and wider Governance Scheme. SEStran's governance is ultimately overseen by the Partnership's Secretary, under a Service Level Agreement with City of Edinburgh Council. The governance process is also regularly scrutinised by Audit Scotland and as part of Internal Audits (also carried out under a Service Level Agreement by City of Edinburgh Council) and no issues have been identified.

1.2 The Stakeholder Liaison Group is intended to be the key to early engagement with each council's members. The Group's Terms of Reference include the following:

COMPOSITION

The Group comprises:

- The Head of Transportation (or equivalent post or nominee) from each SEStran constituent Council

REMIT

- To consider and provide feedback on draft reports intended for submission to the Partnership Board, and
    - For officers to brief elected members from their Council on papers ahead of the Partnership Board meeting

1.3 Attendance at the Stakeholder Liaison Group is sometimes delegated and, on occasions where the usual attendee is unable to attend, a council may not be represented at a meeting. This can affect continuity between meetings and can mean

that the officer attending is not always best placed to brief elected members on matters being considered by the Group.

1.4 Despite the circulation of meeting notes, there have been occasions where information discussed through one SEStran forum does not appear to have been communicated consistently through the relevant council structures. As a result, colleagues attending different SEStran meetings may not always be aware of related discussions elsewhere, and elected members may not always have received a full briefing in advance of Board meetings.

1.5 At the next meeting of the Stakeholder Liaison Group, a discussion is proposed on how this process is working, including how officers are briefing elected members and how this could also lead to feedback being passed back to SEStran.

2 ENGAGEMENT PRIOR TO THE BOARD MEETING ON 25 SEPTEMBER 2026

2.1 For the paper on Council Requisitions, several steps were taken in addition to the process outlined in section 1.

2.2 At the Board meeting on 19 June 2026, Board members were informed that a paper on Council Requisitions would be submitted to the Board meeting on 25 September, and that SEStran officers would engage with the elected member with responsibility for transport and the Chief Officer with responsibility for setting the transport budget at each partner council.

2.3 These meetings took place before the required increase had been calculated, but all attendees were informed that the requested increase would be ‘significant’. In all cases, SEStran officers were advised that the primary point of contact for further communications on this matter would be the council officer rather than the elected member.

2.4 When the scale of the funding gap had been calculated, a paper containing details of the request were sent to these officers and to members of the Stakeholder Liaison Group on 19 August 2026. The paper was discussed at the Stakeholder Liaison Group meeting on 25 August. A number of questions were asked but there was no detailed feedback on the paper either at or following the meeting. Most of the Chief Officers who had been sent a copy of the paper responded, and either met with the Partnership Director or provided written feedback. This feedback was almost universally supportive of the benefits of regional collaboration and of the requirement for SEStran to address the funding gap. All officers who responded, without exception, raised the financial constraints they were operating within and pointed out that the increase would either result in other work being impacted or would have to be flagged as a budget pressure. In all cases, officers committed to providing the additional funding.

2.5 SEStran wrote again on 1 September to those officers who had not responded, asking if they would like a further discussion prior to the paper being sent to the Performance and Audit Committee.

2.6 The paper was then sent to the Performance and Audit Committee on 4 September and discussed at its meeting on 11 September. A number of questions were asked but there was no detailed feedback on the paper either at or following the meeting.

2.7 On 22 September, SEStran wrote to the one officer who had not responded to previous communications offering to discuss the paper prior to the Board meeting. This officer was not prepared to support the recommendations in the paper but, due to the timing of this response, there was little opportunity to resolve the issues raised prior to the Board meeting.

Appendix 2 – Requestion request change since 25th September 2026 Board

Council	Current Requisition	Previous Proposed Increase	Previous Proposed Requestion	Revised Requested increase	Revised Proposed Requisition
City of Edinburgh	£61,630	£83,471	£145,101	£56,446	£118,076
Clacks	£6,052	£8,197	£14,249	£5,416	£11,468
East Lothian	£13,376	£18,116	£31,492	£12,503	£25,879
Falkirk	£18,584	£25,170	£43,754	£17,021	£35,605
Fife	£43,522	£58,946	£102,468	£39,582	£83,104
Midlothian	£11,599	£15,710	£27,309	£10,709	£22,308
Scottish Borders	£13,585	£18,399	£31,984	£12,369	£25,954
West Lothian	£21,652	£29,325	£50,977	£19,955	£41,607
Total	**£190,000**	**£257,335**	**£447,335**	**£174,000**	**£364,000**

Appendix 3 – Proposed 2027/28 – 2029-30 Partnership Budget

	Approved Budget 2025-26	Approved Budget 2026-27	Proposed Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30
	£'000	£'000	£'000	£'000	£'000
Employee Costs					
Salaries	564	640	677	697	717
National Insurance	76	86	92	95	98
Pension Fund	151	171	147	151	156
Project Recharges	(149)	(255)	(265)	(275)	(281)
Training, Confs & Recruitment	10	10	10	11	11
	652	**652**	**661**	**679**	**701**
Premises Costs	**21**	**25**	**26**	**27**	**28**
Transport	**5**	**5**	**5**	**5**	**5**
Supplies and Services					
Comms & Computing	48	48	62	64	66
Printing & Office Supplies	7	7	7	7	8
Insurance	7	9	9	10	10
Equipment & Miscellaneous	4	4	4	4	4
	66	**68**	**82**	**85**	**88**
Governance & Support					
Finance, Legal & HR	38	38	39	40	42
Clerks Fees	12	12	12	13	13
External Audit Fees	12	12	12	13	13
Members Expenses	1	1	1	1	1
Contingency Provision	0	30	0	0	0
	63	**93**	**64**	**67**	**69**
Core Projects					
Regional Bus Action Plan	71	100	73	73	73
RTPI	55	20	0	0	0
Transport planning software		0	45	46	48
Innovation & Partnerships		0	40	40	40
Transport to Health	60	100	88	88	88
Sustainable Travel	10	47	10	10	10
Projects Consultancy	20	20	15	15	15
Comms. & Marketing		25	23	23	23
Electric Bike Scheme	23	23	0	0	0
Other 2025/26 Projects	258				
	497	**335**	**294**	**295**	**297**
Total Expenditure	**1,304**	**1,178**	**1,132**	**1,158**	**1,188**
Funding:					
Scottish Government Grant	(743)	(743)	(743)	(743)	(743)
Council Requisitions	(190)	(190)	(364)	(390)	(420)
TtE Funding for Core Projects		(100)			
Interest on Revenue Balances		(25)	(25)	(25)	(25)
Total Funding	**(933)**	**(1,058)**	**(1,132)**	**(1,158)**	**(1,188)**
Net Expenditure/ (Income)	**371**	**120**	**0**	**0**	**0**
Project Reserve - Electric Bike Lease	(23)	(23)			
Project carry forward	(348)	(97)			
Reserves (Drawdown)/Carry Forward	**(371)**	**(120)**	**0**	**0**	**0**

People & Place	Approved Budget 2025-26	Approved Budget 2026-27	Proposed Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30
	£'000	£'000	£'000	£'000	£'000
Staffing	149	235	403	417	427
RTPI – System and support		24	102	106	108
Thistle Assistance		40	30	40	40
Project Delivery***	6,220		4,611	4,590	4,578
Regional Project Delivery		87			
Local Authority Delivery Support		485			
Regional Priority Investment Fund		2,463			
Access to Cycles and Cycle Storage		1,872			
Community Grant Fund		365			
Contributions – RTPI and Thistle Assistance		(40)	(31)	(38)	(38)
Scottish Government grant	(6,369)	(5,531)	(5,115)	(5,115)	(5,115)
Total People & Place	**0**	**0**	**0**	**0**	**0**

Regional Transport Strategy Delivery Plan	Approved Budget 2025-26	Approved Budget 2026-27	Proposed Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30
	£'000	£'000	£'000	£'000	£'000
Project Delivery		150	175	175	0
Local Growth Funding		(150)	(175)	(175)	0
Total RTS DP		**0**	**0**	**0**	**0**

SEStransit	Approved Budget 2025-26	Approved Budget 2026-27	Proposed Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30
	£'000	£'000	£'000	£'000	£'000
Comms Support		16	16	0	0
Staffing		11	24	0	0
Project Management and Delivery		173	159	0	0
Scottish Government Grant		(200)	(200)	0	0
Total SEStransit		**0**	**(1)**	**0**	**0**