

Report to: **Partnership Board –Transport for the South East**

Date of meeting: **24 January 2022**

By: **Lead Officer, Transport for the South East**

Title of report: **Financial Update – Quarter 3**

Purpose of report: **To update on the budget position for Transport for the South East**

RECOMMENDATIONS:

The members of the Partnership Board are recommended to:

- (1) Note the current financial position for 2020/21 to the end of December 2021, including the forecasts for end of year spend;**
- (2) Note the position on funding discussions with the Department for Transport for 2022/23;**
- (3) Note the funding decision for the additional Department for Transport / STB work streams and agree to delegate authority to the lead officer, in consultation with the Chair, to progress the procurement exercises for these areas;**
- (4) Agree the local contributions for 2022/23; and**
- (5) Note that work will be commencing on the business plan and annual report for 2022/23.**

1. Overview

1.1 The purpose of this report is to update the Partnership Board on the revenue budget for Transport for the South East (TfSE).

1.2 The paper provides an update on the financial position for 2021/22 to the end of December 2021, including forecasts for the projected spend at the end of the financial year.

1.3 The paper also provides an update on the discussions with the Department for Transport on grant funding for 2022/23, provides an update on the recent bid for additional in-year funding and sets out proposals for local contributions in 2022/23.

2. Quarter 3 – Budget Update

2.1 Following receipt of the DfT grant funding totalling £1.225m for 2021/22, members of the Partnership Board agreed the budget for 2021/22 at the July 2021

meeting. The budget has now been updated to include the additional in-year funding recently received from DfT (see section 4 below). The budget sets out plans to deliver an ambitious technical programme, including completion of all five area studies, completing the future mobility and freight, logistics and international gateways strategies and commencing work on the strategic investment plan. The budget also included staffing costs and support costs, including communications and engagement activities and operational costs.

2.2 Appendix 1 sets out the spend position to the end of December 2021 against the agreed budget.

2.3 The main elements of expenditure relate to delivering the technical programme, supporting delivery of the Strategic Investment Plan and staffing costs. Expenditure to date is just over £1.3m.

2.4 Staffing costs are slightly lower than expected at £445,231. This is due to vacancies within the team, specifically the transport strategy manager post. However, the end of year forecast on staffing costs has been increased to reflect the requirement to backfill the Project Manager role for a period of 12 months as maternity cover.

2.5 To date, the main technical programme expenditure has focused on the five area studies, future mobility strategy and the freight, logistics and gateways strategy. To date more than £810,000 has been spent, with further spend expected against ongoing activities, such as area studies and freight strategy, by the end of the financial year. The current forecast highlights that just over £1.9m is likely to be spent on the technical programme by the end of March 2022. The forecast will be continually reviewed as the financial year end approaches and reported to the Board at the March 2022 meeting.

2.6 The budget also makes provision for operational costs and communications and engagement activities, including events, website development and stakeholder management tools.

2.7 At present, there is £870,000 of technical programme spend (including the recently awarded additional funding) that is expected to be carried forward to 2022/23. The vast majority of this will be for existing work streams, such as the SIP, and will be ringfenced for specific activities in the budget for next financial year. There is a small amount of non-committed carry forward which will be allocated in the development of the 2022/23 budget and will be reported to the Board in March 2022.

2.8 The budget has also been updated to include additional technical budget for the four DfT priority work streams, which are outlined in section 4 below.

3 Grant funding bid for 2022/23

3.1 In October 2021 the Partnership Board agreed a multi-year funding bid for submission to the Department for Transport as part of the Comprehensive Spending Review scheduled for autumn 2021. The bid set out the funding that we were

seeking over three years to deliver and implement the technical programme. The bid also included funding to support our core operational costs beyond those covered by the constituent authority contributions.

3.2 A decision on grant funding for 2022/23 is awaited and a verbal update will be provided at the meeting.

4 Additional DfT / STB work streams

4.1 The Partnership Board also agreed to submit a bid for additional in-year funding for 2021/22, focused on decarbonisation, local capacity and capability, bus back better and EV charging infrastructure. This followed an invitation from the DfT offering STBs the opportunity to bid for additional funding to support these four work streams. TfSE submitted its bids in October and received confirmation of the grant funding award on 12 January 2022.

4.2 TfSE submitted bids totalling £500,000 for the following four areas. The grant award sets out that TfSE has successfully secured £600,000 across the four work streams, although due to the lead STB role that TfSE will take for the bus work stream, £700,000 in grant funding will be received.

EV Infrastructure Strategy

4.3 TfSE submitted a bid for £100,000 to develop an EV Infrastructure Strategy, including the associated evidence base and action plan. The funding for this project was approved.

Local Capacity and Capability

4.4 TfSE submitted a proposal for a regional centre of excellence, with the aim of supporting local authorities in the accelerated delivery of their Local Transport Plans and related existing programmes. Initial work will identify local authority needs aligned to the South East Centre of Excellence aim and focus areas; and in parallel TfSE will establish the technical expert resource and supporting operational infrastructure, procedures and governance.

4.5 TfSE bid for £200,000 for this work stream but was awarded £300,000 as part of the grant settlement. Discussions to progress this will be taken forward with the relevant DfT policy leads and the Transport Strategy Working Group.

4.6 As a supplementary bid for local capacity and capability funding, TfSE supported a joint STB bid related to the development a common analytical framework. This would ensure a consistent approach to data, modelling and analysis capabilities to support the development of transport scheme business cases. The bid was submitted by Transport for the North (who have the capabilities to lead and develop this work). The value of the bid was £140,000 between the seven STBs, amounting to a contribution of £20,000 from TfSE. At the time of preparing this report we do not know whether or not this bid has been successful and a verbal update on its status will be provided at the meeting.

Bus Back Better

4.7 Working jointly with Transport East and England's Economic Heartland, TfSE submitted a bid for a project that would identify and deliver the support needed to

assist local transport authorities with the delivery of their Bus Service Improvement Plans and Enhanced Partnerships.

4.8 The value of the bid was £100,000 per STB area, with a total project value of £300,000. The full project value was awarded and TfSE will act as the lead STB and will receive the full project value. TfSE, through East Sussex County Council as its accountable body, will be responsible for procuring the activity and contracting with the successful supplier on behalf of the three STBs.

Decarbonisation

4.9 Working jointly with Transport East and England's Economic Heartland, TfSE supported a collaborative bid for a project that will deliver a program of works to develop local authorities' understanding of the transport and non-transport (behavioural) options and interventions they can make to decarbonise the transport system, that are applicable to their places and support local place-making and policy goals. The resulting 'toolkit' will enable authorities to plan for activities and interventions of the type and scale that will be required in their geographies to deliver the DfT's' Transport Decarbonisation plan and meet the UK's legally binding net zero targets.

4.10 The bid was led by England's Economic Heartland, who will act as the lead STB and adopt responsibility for procuring and contracting the activity through their accountable body. The value awarded was £100,000 per STB, with a total project value of £300,000.

4.11 In addition, TfSE supported a second joint bid on decarbonisation to commission research to investigate and quantify the decarbonisation impacts of different policy options and scheme interventions in a variety of representative topologies/places across the seven STB geographies. The bid was submitted on behalf of all seven STBs by Midlands Connect. The value awarded was £10,000 per STB, with a total value of £70,000. The outputs from this work will provide one of the inputs into the decarbonisation toolkit described above.

4.12 The grant letter confirming the additional funding is attached as Appendix 2.

4.13 The grant letter highlights that DfT expect progress to allocate this funding in the current financial year, but that spending against the activity can carry forward into 2022/23. As such, TfSE will need to undertake initial scoping with the DfT and start the procurement process for the work streams imminently. It is proposed that delegated authority for the procurement process is given to the lead officer, in consultation with the Chair, with a full progress report provided to the Partnership Board in March 2022.

5. Local Contributions for 2020/21

5.1 Constituent authorities have made an important financial contribution to TfSE, which has funded a small staffing complement. This is welcomed, particularly in recognition of the challenging times faced by local authorities.

5.2 It is evident that DfT wish to see local contributions continuing to form part of TfSE's approach to funding and welcome the local contributions made to date.

5.3 Currently constituent authorities have paid a contribution for 2021/22 financial year of £58k for county authorities and £30k for individual unitary authorities. It is proposed to continue this into the 2022/23 financial year and for the amounts to stay the same.

5.4 The amount levied in total will amount to £498,000, which will be lower than core salary costs for the financial year. As such, the budget proposal which will be put to Board members in March 2022 (following confirmation of the DfT grant) may need to draw on reserves to cover core staff costs and operational costs.

6 Business Plan and Annual Report

6.1 In line with previous years, it is intended that TfSE will publish both a retrospective annual report and a forward-looking business plan at the start of the new financial year. Final drafts of both documents will be provided for Partnership Board approval at the next meeting in March. The documents are being designed in 'digital first' format; they will be hosted on the TfSE website and shared proactively with stakeholders as part of our communications and engagement activity.

6.2 The **Annual Report 2021-22** provides clarity around Transport for the South East's structure, role, vision and purpose alongside a summary of achievements in 2021-22, as well as information on governance structures, finances and the team. Success will be measured against the objectives set out in last year's Business Plan 2020-21. A summary outline of the Annual Report 2021-22 is attached as Appendix 3.

6.3 The **Business Plan 2022-23** will be a focused document setting out TfSE's work programme for the coming year and clear objectives. While uncertainty over the funding position for next year means the scope and scale of the technical work programme cannot be confirmed, there are clear priority areas for Transport for the South East for 2022-23. These are:

- Completing our Strategic Investment Plan for the South East
- Undertaking a 12-week public consultation on the draft Strategic Investment Plan
- Implementing the four additional work streams identified by the DfT
- Making the case for roads investment (MRN/LLM, RIS2 and shaping RIS3)
- Planning a better railway (developing our relationship with Great British Railways, joint work programme with Network Rail)
- Strengthening our relationships (widening our reach with stakeholders – universities, planning authorities, private sector innovators and financiers)
- Enhancing our governance (potential new governance structures and future operating models)

6.4 An outline structure for the Business Plan 2022-23 is attached as Appendix 3.

7. Conclusions and recommendations

7.1 The Partnership Board are recommended note the financial position to the end of December 2021/22 and the end of year forecast.

7.2 Members are asked to note the current position on grant funding for 2022/23 and to agree the proposal for local contributions for 2022/23. Members are also asked to note the position on additional in-year funding and agree to delegate authority for the procurement of these work streams to the lead officer, in consultation with the Chair.

7.3 Members are recommended to note that work will be commencing on the business plan and annual report for 2022/23.

RUPERT CLUBB
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Transport for the South East

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Appendix 1: End of Quarter 3 budget update

	Budget	YTD	Forecast	Notes
INCOME				
Local Contributions	498,000	498,000	498,000	
DfT Grant	1,225,000	1,225,000	1,225,000	
DfT Priority work streams	700,000		700,000	N.B. TfSE holds some funding on behalf of Transport East and EEH
Reserves	462,304	462,304	462,304	
Carry forward	63,385	63,385	63,385	
Committed funding	974,354	974,354	974,354	
TOTAL INCOME	3,923,043	3,223,043	3,923,043	
EXPENDITURE				
Staffing				
Core Policy Team	555,000	376,947	532,838	Reduced forecast to reflect staff vacancies
Additional team resource	120,000	68,284	100,000	
Technical Programme				
Transport Strategy	50,000	5,000	37,000	
Area Studies - Outer Orbital	315,692	147,929	315,692	
Area Studies - Inner Orbital	273,764	140,375	273,764	
Area Studies - South Central	273,279	134,382	273,279	
Area Studies - South West Radial	315,000	131,429	315,000	
Area Studies - South East Radial	315,000	119,987	315,000	
Strategic Investment Plan	160,000	0	30,000	Variance will be committed and carried forward to next financial year
SIP consultation	20,000	0	5,000	Variance will be committed and carried forward to next financial year
Thematic Studies	75,000	23,100	78,000	Variance will be committed and carried forward to next financial year
Future Mobility	22,629	26,842	26,842	
Freight and Logistics Strategy	125,000	76,601	115,000	
Analytical Framework	125,000	7,600	122,500	
Other costs	7,000	-3,243	7,000	
EV Charging Strategy	100,000		0	
Bus Back Better	300,000		0	N.B. This is a joint funding stream with Transport East and Economic Heartland
Local Capacity and Capability	300,000		0	
Decarbonisation	0		0	N.B. This is a joint project with Transport East and EEH. EEH hold the joint budget for this workstream.
TfSE Future Role	30,000	26,527	26,527	
Operational Expenses	35,000	3,286	10,000	
Communications/Engagement				
Events	20,000	1,188	12,000	
Advertising and publicity	25,000	6,520	20,000	
Website	10,000	362	6,000	
Stakeholder Database	7,000	12,000	6,000	N.B. £6,000 to be invoiced to Midlands Connect
Media Subscriptions	2,500	1,279	2,000	
Carry forward for Tech programme/committed funding			870,500	
Carry forward (non-technical)			81,922	
Reserves	341,179		341,179	£97,000 ringfenced for DfT funded fixed term posts
TOTAL EXPENDITURE	3,923,043	1,306,395	3,923,043	



Department for Transport

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Rupert Clubb
Programme Director, Transport for the
South
East
County Hall, St. Anne's Crescent
Lewes
BN7 1UE

12 January 2022

Dear Rupert,

Thank you for submitting your proposals for additional work that Transport for the South East (TfSE) can do to help the Department for Transport (DfT) achieve its objectives in your region.

I am grateful for TfSE's efforts in pulling together proposals at short notice, working with your partners and the other Sub-National Transport Bodies (STBs). I wanted to write to confirm the proposals we will fund at this time.

We will offer provisional funding for:

- £300,000 - Development of a regional South East Centre of Excellence
- £300,000 - Bus Back Better Support (in collaboration with England's Economic Heartland and Transport East)
- £100,000 - EV Infrastructure Strategy

If any of your proposals have not been funded, my officials will be in touch shortly to discuss further.

All funding is offered on a provisional basis and is contingent on you agreeing final outputs and delivery timescales with DfT policy teams. Once funding is released, it will be important that you continue to liaise with policy teams, both directly and through the STB liaison meetings.

All funding should be allocated this Financial Year, although we recognise some activity may be delivered in FY 22/23. This funding is only offered on a one-off basis. There is no commitment to future funding of any of these workstreams, so it is important that your work is a standalone project, with a strong legacy.

The attached document sets out proposed governance arrangements between the Department and Transport for the South East with regards to this funding. They are intended to be proportionate while ensuring good use of public funds. If you are content with these arrangements, please sign and return a copy to my officials. My officials will separately provide a Grant Determination Form for your accountable Section 151 officer to sign and return, following which the funding will be granted in accordance with the powers in Section 31 of the Local Government Act 2003, in the financial year 2021-22.

The Secretary of State and I would like to thank you, your board, and your officials for all your hard work over the past year. We look forward to seeing the impact this additional funding has and the outputs you deliver.

Yours,
Charlotte

BARONESS VERE OF NORBITON

Funding and governance agreement

1. Governance

- a. East Sussex County Council is the accountable body for this funding, on behalf of Transport for the South East, unless otherwise agreed by Transport for the South East and confirmed to the Department in writing.

2. Use of DfT funding

- a. DfT funding may be used for the following purposes:
 - £300,000 - Development of a regional South East Centre of Excellence
 - £300,000 - Bus Back Better Support (in collaboration with England's Economic Heartland and Transport East)
 - £100,000 - EV Infrastructure Strategy
- b. Transport for the South East should confirm to DfT that they have used the funding in line with the proposed ask. Should Transport for the South East wish to use DfT funding for any purpose other than those set out above, they will first set out the proposed amount and rationale to the Department in writing, for discussion with the Department.

3. Programme and risk management

- a. Transport for the South East will, by the end of February 2022.
 - Agree their work plan with DfT, detailing planned outputs and timescales for each of the proposals we have offered provisional funding to.
 - Agree with the DfT Sponsorship Team how these projects will be built into existing monitoring arrangements.
 - Develop and share a comprehensive risk register with DfT.
- b. Transport for the South East and the DfT Sponsorship Team will review spend against planned outputs, related delivery risks and any other issues or opportunities at regular engagement meetings with a view to maximising the value for money of STB activity. The DfT Sponsorship Team will provide advice and support as appropriate.

4. Ways of working

- a. DfT and Transport for the South East agree to open, honest, timely and frequent communication on all areas of work.
- b. Transport for the South East will endeavour to achieve outputs by the agreed timescales and communicate to DfT if these timescales cannot be met.
- c. Transport for the South East agree to record and share the minutes and actions from:
 - Transport for the South East Strategic Board
 - Transport for the South East Steering Group

- d. Transport for the South East will work with other STBs as part of the STB liaison group to ensure consistency and avoid duplication of work between STBs wherever possible.
- e. Transport for the South East will work with other STBs on any joint projects or projects where there is a joint interest. Transport for the South East will demonstrate this to the DfT Sponsorship Team at agreed check-in intervals.
- f. Transport for the South East will work constructively with the consultancy that DfT has procured to monitor and evaluate the work and will provide data as requested.

Signed:

Rupert Clubb, Programme Director, Transport for the South East

Date:

Annual report and business plan – draft outlines

Annual report

1. Chairman's welcome

- Ongoing pandemic – virtual meetings
- Successes; Area studies, future mobility strategy, freight strategy, decarbonisation forum, additional work streams TBC, stakeholder liaison building on relationships etc.
- Next steps – governance structures right for delivering the SIP, consultation
- Thanks to partners, DFT, Board Members

2. Lead Officers Foreword

- Reflect on last 12 months
- Looking ahead
- Thanks

3. Year in focus

April – Project View launch

May – South West and South East Radial Areas Studies commence

June – A284 Lyminster bypass was given a funding boost / first meeting of the South East Transport Decarbonisation Forum

July – Future Mobility strategy published

Sept – Partnership Board workshop on future roles and responsibilities of TfSE

Oct - A259 corridor between Bognor Regis and Littlehampton in West Sussex funding to proceed to SOBC

Nov – Appointed Steer and KPMG to lead on development of the SIP

Dec – A28 Birchington, Acol, Westgate-on-Sea relief road - SOBC

Jan - First draft of Freight, Logistics and Gateways Strat signed off by the Board

Feb – MP reception/engagement activity around SIP

March – Area studies finalised

4. About TfSE

5. From area studies to strategic investment plan

Update on area studies and work to move into SIP development ahead of consultation

Future Mobility Strategy

Strategy agreed, launched. Now looking at how we deliver the action plan.

Freight, Logistics Gateways strategy

Published

Project View

- Over 100 users
- Looking to run a second application window to bring on more users
- Will be adding new data sets from our current work streams; area studies, future mobility strategy, freight, Logistics and Gateway Strategy as well as from the local planning data refresh
- New functionality
- Feedback from existing users

6. Decarbonisation

SE regional decarb forum has been set up and have met four times – technical work underway to map out decarbonisation pathways for the SE

7. Investing in our region's transport

Money committed to investment in transport schemes in the South East regions (broader than just that of TfSE e.g. Solent Future Transport zone, Housing Infrastructure Bids)

MRN Schemes

- A284 Lyminster bypass was given a funding boost
- A259 corridor between Bognor Regis and Littlehampton in West Sussex funding to proceed to SOBC
- A28 Birchington, Acol, Westgate-on-Sea relief road - SOBC

Great British Railways

Continuing to work with Great British Railways Transition Team.

8. Joint working with other STBs and other key partners

Continuing to work with STBs (STB conference planning underway, additional work streams, analytical framework), National Highways, Network Rail etc.

9. Strengthening our relationships (comms and engagement activity)

- Chair's engagement sessions (Autumn/Winter 2021)
- Universities

- Districts and Boroughs
- MP reception
- Private sector groups
- Environment groups, special interest groups

10. Finance

- Multi-year funding proposal – TBC dependent on outcome
- Four additional work streams

11. Consultation responses

Gatwick, Lower Thames Crossing...

12. Our Board

13. Our Team

14. Looking ahead

Priorities as in Business plan for 2022-23

Business plan

1. About us

2. 2022-23 priorities

- i. Develop our strategic investment plan ready for public consultation in summer 2022 and publication in 2023.
- ii. Agree a clear and compelling vision for the future role of Transport for the South East including the tools we need to deliver our investment plan
- iii. Develop the analytical framework to support delivery of the SIP
- iv. Four additional work streams and priorities; Decarbonisation, bus back better, local capacity and capability and electric vehicle infrastructure strategy.
- v. Alongside these key priorities, we'll continue to work closely with government and partners in the road and rail sectors to support investment in our region and ensure the South East's voice is heard.

3. Developing our strategic investment plan

- Plan developed by the South East for the South East
- Consultation

4. Partnership fit for the future

- Need the right Governance structure to support development and delivery of the SIP
- Arup report

5. Moving faster and further: driving forward our work in key thematic areas

- Decarbonisation
- Bus back better
- Local capacity and capability
- EV infrastructure

6. Driving sustainable investment in our region's transport network

- Developing a multi-modal SIP
- Continued work with Great British Railway Transition Team
- Update on progress of MRN/LLM schemes
 - A259 corridor between Bognor Regis and Littlehampton in West Sussex
 - A28 Birchington, Acol and Westgate-on-Sea Relief Road
 - Other schemes that are doing the OBC – already doing it once they went into the MRN programme (from last year – we will also continue to support...)
 - Phase two of MRN we need to prepare for in the next 12 months
 - RIS3
- Other investment opportunities as a result of the SIP

7. Decarbonisation

- South East Transport Decarbonisation Forum
- Ongoing technical work around development of decarbonisation pathways for the region

8. Resources

- Income - Update from last year following financial settlement
- Our budget
- Our team

9. Looking to the future – from Keith

- Working towards SIP
- 12 months that will transform TfSE as we prepare to deliver the SIP
- Reference pandemic but talk about positive steps