

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

Date of meeting: **30 October 2023**

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

Title of report: **Financial Update**

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 update on grant funding from the Department for Transport;**
- (2) Agree a revised budget for 2023/24 based on the reduced level of funding awarded;**
- (3) Note the current financial position for 2023/24 to the end of September 2023; and**
- (4) Agree the local contributions amount for 2024/25.**

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 2023/24 to the end of September 2023 and sets the forecasts for the end of the financial year. It also provides an update on the grant funding agreement from the Department for Transport.

1.3. The paper also proposes the level of local contributions for 2024/25.

2. DfT Grant Funding

2.1. The three year indicative grant letter from the Department for Transport (DfT) received in March 2022, provisionally awarded TfSE £2.065m for the financial year

2023/24. The business plan and budget approved by the Board at the July 2023 meeting reflected this indication and set out plans to deliver an ambitious technical programme, including work to deliver the strategic investment plan and commencing work on additional thematic studies and the analytical framework. The budget also included staffing costs and support costs, including communications and engagement activities and operational costs.

2.2. The business plan was submitted to DfT following approval by the Board in July 2023.

2.3. However, on 20 July 2023, TfSE received notification from DfT that they would only award grant funding of £1.725m for 2023/24. The letter is included at Appendix 1. This was clearly very disappointing, and means we are not able to fully deliver the agreed business plan this year. Further discussions were held between DfT officials and TfSE officers to consider the implications and actions needed, including the impact on delivery of the TfSE business plan and the need to submit a revised budget to DfT once agreed.

2.4. As a result of TfSE having a carry forward of budget from 2023/24 and some delays in recruiting staff to vacant positions, some of the reduction has been able to be absorbed. However, reductions have been required to parts of the technical work programme: a re-profiling of the development of the regional centre of excellence, and less support for delivery of the strategic investment plan.

2.5. A revised budget, based on this lower level of funding has been developed and this is shown at Appendix 2, along with a comparison against the agreed budget. This revised budget has been considered by the Audit and Governance Committee, who provided advice prior to its presentation to the Partnership Board. Members of the Partnership Board are recommended to agree this revised budget for 2023/24.

3. Budget Update

3.1. Appendix 3 sets out the spend position to the end of September 2023 against the revised budget. This also sets out the current forecast to the end of the financial year. The total spend to date is just under £925,000 with just over £400k on the technical programme.

3.2. The main elements of expenditure to date relate to delivering the technical programme, including delivery of the Strategic Investment Plan, developing the analytical framework, thematic studies and staffing costs. Spend on the technical work programme has been slower than anticipated but is expected to significantly increase now that the technical call off contract is in place and technical work is being commissioned.

3.3. The TfSE reserve will remain unchanged.

4. Local Contributions for 2024/25

4.1. 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.

4.2. 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. Although TfSE received an indicative funding allocation for 2024/25 in March 2022, following the reduced funding received this year, the advice from DfT is now to assume a flat funding projection as the basis for business planning for 2024/25.

4.3. Currently constituent authorities have paid a contribution for 2023/24 financial year of £58k for county authorities and £30k for individual unitary authorities. It is proposed to continue this into the 2024/25 financial year and for the amounts to stay the same.

4.4. The amount levied in total will amount to £498,000, which makes an important contribution to staffing costs. A full budget proposal and accompanying draft business plan will be presented to the Partnership Board for consideration in January 2024.

5. Conclusions and recommendations

5.1. The Partnership Board are recommended to note the reduced DfT grant funding for 2023/24 and are recommended to approve the revised budget for 2023/24.

5.2. Members are recommended to note the financial position to the end of September 2023.

5.3. Members are also recommended to agree the local contributions amount for 2024/25.

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Transport for the South East

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Department
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John Hall

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Councillor Keith Glazier
Chair, Transport for the South East
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Copy: Rupert Clubb

20 July 2023

Dear Councillor Glazier,

Transport for the South East Funding Allocation 2023/2024

I wanted to write to confirm that the Secretary of State has now confirmed the funding allocation for Transport for the South East, of £1,725,000, following the approval of your business plan for financial year 2023/24.

Ministers are very grateful for all the great work you have done supporting the Government's objectives in the South East – and the way in which you have worked collaboratively with the department and our delivery bodies as a supportive partner.

Ministers have asked that you continue to deliver your two primary roles: building and maintaining a transport strategy and using this to provide Government with advice on prioritising investment. They are also looking for you to continue developing your regional centres of excellence to support your Local Transport Authorities develop their LTPs. Your STB sponsors will be in touch with your team to agree how we can best work with you to take forward this important work.

Now that Ministers have agreed your business plan, we will send you a funding and governance agreement and a Grant Determination Form for your accountable Section 151 officer to sign and return. Following this, the funding will be granted under Section 31 of the Local Government Act 2003, in the financial year 2023/2024.

Yours sincerely,

John Hall

Director, Regions, Cities and Devolution

Appendix 2				
TfSE Revised Budget - 2023/24				
	Agreed Budget	Revised Budget	Change	Notes
EXPENDITURE				
Salaries (including on-costs)	1,300,000	1,110,000	-190,000	reduction due to delay in recruitment
Training	0	7,000	7,000	additional training need identified
STAFFING	1,300,000	1,117,000	-183,000	
Transport Strategy	300,000	300,000	0	
SIP implementation	375,000	350,000	-25,000	reduction in scope of work
Analytical framework	323,700	323,700	0	
Future mobility	168,455	168,455	0	
Active travel	100,000	100,000	0	
Decarbonisation	207,000	207,000	0	
Freight	162,832	162,832	0	
Bus Back Better	143,336	143,336	0	
Electric Vehicle Infrastructure	200,000	150,000	-50,000	reduction in scope of work
Project View and PV2	50,000	50,000	0	
Centre of Excellence	470,000	450,000	-20,000	reduction in scope of work
Other costs/technical support	120,000	68,000	-52,000	reduction in scope of work
C/F for committed workstreams	63,000	63,000	0	
TECHNICAL PROGRAMME	2,683,323	2,536,323	-147,000	
Events	40,000	40,000	0	
Communications	50,000	50,000	0	
Publications	40,000	30,000	-10,000	reduced to reflect likely need
Website	15,000	15,000	0	
Stakeholder Database	7,000	7,000	0	
Media Subscriptions	2,500	2,500	0	
COMMUNICATIONS/ENGAGEMENT	154,500	144,500	-10,000	
TfSE Governance	45,000	45,000	0	
Operational Expenses	50,000	50,000	0	
OTHER	95,000	95,000	0	
TOTAL EXPENDITURE	4,232,823	3,892,823	-340,000	
FUNDING				
Local Contributions	498,000	498,000	0	
DfT Grant	2,065,000	1,725,000	-340,000	
Carry Forward	2,076,553	2,076,553	0	
TOTAL FUNDING	4,639,553	4,299,553	-340,000	
CARRY FORWARD				
TfSE Reserve	406,730	406,730	0	

Appendix 3			
Q2 Budget Monitoring - 2023/24			
	Budget	Actual YTD	Forecast
EXPENDITURE			
Salaries (including on-costs)	1,110,000	480,050	1,110,000
Training	7,000	4,546	7,000
STAFFING	1,117,000	484,596	1,117,000
Transport Strategy	300,000	0	300,000
SIP implementation	350,000	30,690	350,000
Analytical framework	323,700	44,472	323,700
Future mobility	168,455	18,455	168,455
Active travel	100,000	4,988	100,000
Decarbonisation	207,000	107,000	207,000
Freight	162,832	15,000	162,832
Bus Back Better	143,336	95,343	143,336
Electric Vehicle Infrastructure	150,000	19,000	150,000
Project View and PV2	50,000	0	50,000
Centre of Excellence	450,000	9,951	450,000
Other costs/technical support	68,000	1,876	68,000
C/F for committed workstreams	63,000	61,275	63,000
TECHNICAL PROGRAMME	2,536,323	408,050	2,536,323
Events	40,000	16,488	40,000
Communications	50,000	733	50,000
Publications	30,000	156	30,000
Website	15,000	0	15,000
Stakeholder Database	7,000	828	7,000
Media Subscriptions	2,500	1,075	2,500
COMMUNICATIONS/ENGAGEMENT	144,500	19,281	144,500
TfSE Governance	45,000	0	45,000
Operational Expenses	50,000	12,598	50,000
OTHER	95,000	12,598	95,000
TOTAL EXPENDITURE	3,892,823	924,525	3,892,823
FUNDING			
Local Contributions	498,000	382,000	498,000
DfT Grant	1,725,000	0	1,725,000
Carry Forward	2,076,553	2,076,553	2,076,553
TOTAL FUNDING	4,299,553	2,458,553	4,299,553
CARRY FORWARD			
TfSE Reserve	406,730		