

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

Date of meeting: **13 May 2024**

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

Title of report: **Financial Update**

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

RECOMMENDATIONS:

The members of the Partnership Board are recommended to:

- (1) Note the end of year position for 2023/24;**
- (2) Agree the final draft budget 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 the end of year financial position for 2023/24 and provides an update on the budget for the next financial year.

2. 2023/24 end of year report

2.1 Members of the Partnership Board agreed the initial budget for 2023/24 at their July 2023 meeting. The 2023/24 budget was then subsequently revised at the October 2023 meeting following confirmation that the DfT grant received was less than had been anticipated. Regardless of the reduction, the budget set out plans to deliver an ambitious technical programme, including supporting delivery of 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 Noting that the accountable body accounts are still in the process of year end reconciliation, Appendix 1 sets out the draft end of year position against the revised agreed budget.

2.3 Income of £1.725m was received from the Department for Transport (DfT), with a further £498k from local contributions. Including carry forward of just over £2m from 2022/23, TfSE had an operating budget of £4.3m in the financial year 2023/24.

2.4 Total expenditure was £2.5m, with £1.42m spent on the technical programme. The following paragraphs provide a short narrative on the major financial spend items against the budget.

2.5 Staffing costs totalled just over £1m, against a budget of £1.1m. The budget had anticipated that the full TfSE staffing complement would be in place by summer 2023, but there continued to be challenges with recruiting transport planners and analysts. Additionally, a number of staff moved on from the team, leaving some posts vacant for several months during recruitment processes. All posts were successfully filled in the latter part of the financial year and TfSE are currently operating with a full staff complement.

2.6 Expenditure on the technical programme amounts to £1.42m, against a budget of £2.5m. This includes:

- £172k for work on the refresh of the Transport Strategy to reflect the significant changes to travel patterns following the Covid 19 pandemic and changes to government policy on decarbonisation, levelling up and bus infrastructure provision that have occurred since the current strategy was agreed in 2020.
- The SIP Delivery Action Plan was completed and an interactive StoryMap was published to support delivery of schemes within the SIP. Direct support was provided to four LTA's to develop schemes at feasibility and strategic outline business case (SOBC) stages. An agile prioritisation framework and tool was also developed that will allow TfSE to prioritise transport investment against different funding profiles, and different strategic priorities. The spend on these activities was £195k.
- £216k has been spent on developing the Analytical Framework, updating the South East Economic Land Use Model (SEELUM), completing the South East Modelling Review, and implementing the agreed analytical framework routemap. This included continuing to work with other STB's contributing to the roll out of a common analytical framework.
- £62k to undertake work on the Regional Active Travel Strategy (RATS).
- Continued joint working with England's Economic Heartland (EEH) and Transport East (TE) STB's resulted in spend of £120k developing the Carbon Assessment Playbook.
- To support freight, £85k was spent on studies on lorry parking, waterbourne freight and warehousing and on launching the Wider South East Freight Forum.
- Just over £100k was spent completing work on the bus back better project.
- Work commenced on the delivery of the Action Plan associated with the electric vehicle charging infrastructure strategy, including work to assess the impact of the electrification of vehicle fleets on the demand for public and depot-based charging infrastructure (£67k expenditure).
- £265k was spent developing the Centre of Excellence, which will launch in early summer 2024.

2.7 The communications and engagement spend was just over £55k against a budget of £142k. The majority of spend was on events, including the TfSE Connecting the South East event in September and the two joint STB conferences that have taken place during the year. Due to a decision not to produce any significant quantities of printed Strategic Investment Plan documents, there was no spend against the publications budget line.

2.8 With there having been no need for any significant expert advice, there was no spend against the TfSE governance budget line, which is to cover any costs in relation to legal expenses or governance issues.

2.9 Operational costs were £29k against a budget of £50k. This is a similar level to last year, and reflects room bookings, staff travel and accommodation costs, as well as the purchase of ICT equipment for new starters this year.

2.10 Appendix 1 sets out that TfSE will have a carry forward figure of £1.36m from 2023/24 into 2024/25. This is a reduction from last year's carry forward figure of £1.7m. A large proportion of this funding (£600k) is committed for work that has been contracted and started in 2023/24 but not yet completed. A further £320k is already ringfenced for specific technical workstreams in the forthcoming year, with the remainder to be allocated once the DfT grant is confirmed. Although indicative funding settlements have allowed us to plan more effectively for future years, not receiving confirmation of actual funding until well into the financial year makes it challenging to achieve the anticipated spend within the year. Having the technical call off contract in place, enables us to mitigate those risks to some extent by allowing quicker mobilisation of work once funding is confirmed. We expect the level of carry forward to reduce further in the next financial year.

2.11 East Sussex County Council, our accountable body, will provide s151 sign off to the end of year accounts in due course.

3. Budget 2024/25

3.1 The Partnership Board considered a draft budget for the 2024/25 Business Plan in December 2023, noting the final budget would be presented to the Board in May 2024. The draft budget is based on the DfT indicative funding allocation of £2.24m. Although yet to be confirmed, this is what the DfT have asked us to use as the basis for business planning.

3.3 The local contributions were agreed by the Board in December 2023 at £498k, and the confirmed carry forward is £1.36m. The draft budget proposal also includes reserves of just over £400k to ensure that TfSE is in a position to meet its liabilities in 2024/25.

3.5 The final budget will be presented to the Board at a future meeting once the carry forward figures have been finalised and level of DfT grant funding has been confirmed.

3.1 Appendix 2 sets out a draft final budget for 2024/25. The Partnership Board considered an earlier version of this for the 2024/25 Business Plan in December 2023, noting the final budget would be presented to the Board in May 2024 once the carry forward figures had been finalised and the amount of DfT grant was known.

3.2 The budget is based on an indicative DfT funding allocation of £2.24m for 2024/25 that was set out in a letter from Baroness Vere in March 2020. Although this is yet to be confirmed, the DfT have asked us to use it as the basis for business planning purposes.

3.3 The local contributions were agreed by the Board in December 2023 at £498k and the confirmed carry forward is £1.36m. The TfSE reserve carry forward is £406k. Subject to confirmation of the DfT grant allocation this would give an operating budget of £4.5m for 2024/25.

3.4 The budget includes proposals to take forward key areas of the technical programme set out in the agreed Business Plan, including the following areas of major expenditure:

- Transport strategy refresh– this would complete the work started in 2023/24 refreshing the evidence base and continue to develop the draft transport strategy, including undertaking a public consultation. £500k has been allocated for 2024/25.
- SIP implementation – the £665k allocated to this activity will support the development of feasibility studies and business cases for a number of schemes included in the SIP that otherwise cannot be progressed. This activity is scalable and could be expanded if further funding was made available from the DfT.
- Analytical framework – the £395k allocated to the development of the analytical framework will enable the continued implementation of the analytical framework route map.
- Centre of excellence – In 2024/25, we will be delivering a virtual platform which has been developed using the outputs from engagement with a wide range of stakeholders. We will develop a library of resources, training offers for both internal and external users. £190k has been allocated to deliver this work.
- Freight – £250k has been allocated for continued implementation of the freight, logistics and gateways strategy, including studies on the potential for modal shift to waterborne freight, the future warehousing requirements in our area and the identification of suitable sites for road/rail interchange facilities as well as continuing the Freight Forum.
- Electric vehicle infrastructure – £190k to support the continued implementation of the strategy and action plan.
- Technical support – (£200k) this will be used to support the delivery of the wider technical programme, including programme management, support on technical consultation responses, and any unanticipated ad-hoc technical work that may be required.
- Smaller allocations are included to support the Future Mobility, Active Travel and Decarbonisation workstreams. The focus of future mobility activity this year will be to lead the development a mode propensity tool to better identify the needs of different types of people living in different areas and the capability of different modes to support those needs. We will also continue to convene our Future Mobility Forum. The development of a regional active travel strategy will be completed. During this year we are also planning to develop and improve the Carbon Assessment Playbook tool particularly to enable the impact of transport interventions on emissions from freight traffic to be assessed. We will continue to convene our South East Transport Decarbonisation Forum.

3.5 An allocation has again been made for communications and engagement activity, this work is critical to support the delivery of the SIP and our wider technical

programme and to ensure that we have the support and buy-in from key stakeholders. The allocation of £102k is less than previous years reflecting previous underspends. Operational costs have been kept at £50k and include IT, travel and room hire costs. An allocation of £10k has been made against the governance workstream to cover legal costs associated with the work emerging from the Audit and Governance Committee.

3.6 Core staffing costs have risen to reflect that the full team complement will be in place for the whole financial year and also to reflect expected cost of living increases that will be applied to all staff salaries. As the delivery of the SIP accelerates, it is possible that additional technical resource may be required to support business case and scheme development.

3.7 The draft budget proposal also includes reserves of just over £400k to ensure that TfSE is in a position to meet its liabilities in 2024/25.

4 Conclusions and Recommendations

4.1 The Partnership Board are recommended to note the financial position at the end of the 2023/24 financial year and to agree the final draft budget for 2024/25.

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Transport for the South East

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Appendix 1 - Transport for the South East budget outturn 2023/24

	Budget	Actual YTD	
EXPENDITURE			
Salaries (including on-costs)	1,110,000	1,018,369	
Training	7,000	5,231	
STAFFING	1,117,000	1,023,600	
Transport Strategy	300,000	172,225	
SIP implementation	350,000	195,435	
Analytical framework	323,700	216,304	
Future mobility	168,455	18,455	
Active travel	100,000	61,951	
Decarbonisation	207,000	120,361	
Freight	162,832	84,993	
Bus Back Better	143,336	101,027	
Electric Vehicle Infrastructure	150,000	66,970	
Project View and PV2	50,000	9,918	
Centre of Excellence	450,000	264,779	
Other costs/technical support	68,000	22,633	
C/F for committed workstreams	63,000	92,001	
TECHNICAL PROGRAMME	2,536,323	1,422,052	
Events	40,000	32,047	
Communications	50,000	13,092	
Publications	30,000	0	
Website	15,000	492	
Stakeholder Database	7,000	9,418	
Media Subscriptions	0	0	
COMMUNICATIONS/ENGAGEMENT	142,000	55,049	
TfSE Governance	45,000	0	
Subscriptions	2,500	1,075	
Operational Expenses	50,000	28,437	
OTHER	97,500	29,512	
TOTAL EXPENDITURE	3,892,823	2,530,213	
FUNDING			
Local Contributions	498,000	497,997	
DfT Grant	1,725,000	1,725,000	
Carry Forward	2,076,553	2,076,553	
TOTAL FUNDING	4,299,553	4,299,550	
CARRY FORWARD			
TfSE Reserve	406,730	406,730	
Committed carry forward		595,010	*work contracted but not complete
Planned carry forward		318,657	*ringfenced for specific workstreams in 24/25
Other carry forward		448,940	*allocated once DfT budget confirmed

Appendix 2 - Transport for the South East Final Draft Budget 2024/25

	Budget
EXPENDITURE	
Salaries (including on-costs and training)	1,320,000
STAFFING	1,320,000
Transport Strategy	500,000
SIP implementation	665,000
Analytical framework	395,000
Future mobility	40,000
Active travel	56,000
Decarbonisation	55,000
Freight	250,000
Electric Vehicle Infrastructure	190,000
Centre of Excellence	260,000
Technical support	200,000
TECHNICAL PROGRAMME	2,611,000
Events	41,000
Communications	15,000
Publications	5,000
Website	21,000
Stakeholder Database	18,000
Media Subscriptions	2,500
COMMUNICATIONS/ENGAGEMENT	102,500
TfSE Governance	10,000
Operational Expenses	52,110
OPERATIONS	62,110
TOTAL EXPENDITURE	4,095,610
FUNDING	
Local Contributions	498,000
DfT Grant	2,240,000
Carry Forward	1,357,610
c/f TfSE Reserve	406,730
TOTAL FUNDING	4,502,340
CARRY FORWARD	
TfSE Reserve	406,730