

Report to: Partnership Board –Transport for the South East

Date of meeting: 28 October 2024

By: Chief Officer

Title of report: Business Plan 2025/26

Purpose of report: To review and approve the submission of draft funding allocations for the 2025/26 Business Plan against different funding scenarios.

RECOMMENDATIONS:

The members of the Partnership Board are recommended to:

(1) Approve the submission of the draft funding allocations for the Business Plan, attached at Appendix 1; and

(2) That contributions should be sought from Local Authorities at the same level as last financial year.

1. Introduction

1.1 Transport for the South East (TfSE) produce an annual business plan which sets out the forthcoming year's workstreams and costings to inform the Department for Transport (DfT) grant settlement process. This year we have been asked to submit draft funding allocations for the 2025/26 Business Plan at an earlier stage in the year. The DfT have asked us to map out what our Business Plan would look like in different funding scenarios. This paper seeks the Board's agreement to our draft funding allocations.

1.2 As agreed by the Partnership Board in July the Business Plan for 2025/26 will focus on the priority areas of work that have been outlined by the DfT:

- Finishing the delivery of the refreshed Transport Strategy.
- Scaling up the Centre of Excellence, increasing the quantity and quality of resources, data and analytical support we provide to Local Transport Authorities (LTAs).
- Laying the groundwork for a refresh of the Strategic Investment Plan, following the refreshed Transport Strategy.
- Technical work, including continued roll out of the freight awareness programme, support to local transport authorities on the roll out of electric vehicle infrastructure and implementation of the regional active travel strategy.
- Developing our analytical and modelling capability to meet the six objectives for the Analytical Framework – Optimising Resources for LTAs, Upgrading Strategic

Tools, Comprehensive Evaluation of Impacts, Improving Data Management, Ensuring Model Accuracy and Consistency, and Building Skills and Capabilities.

2. Board Workshop – 2 September

2.1 At their December meeting last year the Board asked to be engaged earlier in the business planning process. We established a workshop for board members which took place in September. This was attended by a number of Board members and included representation from Network Rail, TfL and the DfT.

2.2 Board members were supportive of the value that TfSE provide. Board members agreed that TfSE's role to speak with one voice to make the case for investment is especially important, given the recent change in Government policy.

2.3 Board members raised a number of other key points in the workshop: that the resilience and maintenance of the existing network is as important as new infrastructure; and the importance of achieving lower public transport fares and greater reliability. Board members also noted the adverse impacts utility workings have on the reliability of the transport network.

3. Draft Funding Allocations for the 2025/26 Business Plan

3.1 Officials at the DfT have asked us to submit draft funding allocations to them, earlier than last year, to help them make informed decisions and to provide internal advice on settlements to the sub-national transport bodies (STBs) based upon a range of funding scenarios. We have been asked to do this in advance of formal business planning guidance from the DfT. The DfT have asked us to ensure all our workstreams support the delivery of the Government and DfT's missions and support our Local Authorities in achieving their objectives.

3.2 The DfT are yet to confirm the funding envelope that will be available to TfSE, or other STBs for 2025/26. Officials at DfT asked us to profile our Business Plan based on three funding scenarios: that we receive the same level of DfT funding as 2024/25; that we receive 20% more funding from DfT and 20% less. These funding allocations are attached for consideration at **Appendix 1**.

3.3 Each of these three funding scenarios will mean a significant reduction in funding on the previous Financial Year. The board will note from the previous business planning process we carried forward budget lines for work which was committed and planned but could not be spent in year. At the start of the 2024/25 Financial Year, we carried forward £1.36m of funding for our technical programme, which could not be spent in 2023/24. This was a result of a late funding settlement.

3.4 The DfT and our Partnership Board asked us to spend all of this £1.36m carry forward in 2024/25 – and we are on track to do so. This means even if we receive the same DfT funding allocation as last year, our budget will be £1.36m less than the previous year. A 20% increase in DfT funding would still leave us with a budget that is £945k smaller than last year, and a 20% reduction in funding leaves us with £1.77m less than last year. These reductions are before taking into account inflationary pressures on our budget.

3.5 Because of this, it is recommended we set out another funding scenario to DfT – our optimal funding level, to enable us to make the maximum impact to achieving Government’s missions and supporting our Local Authorities. This is based on an increase in DfT funding – to £3.75m, but it is an increase that we are confident that we can deliver, based on our track record of delivering a similar sized technical programme in this Financial Year.

3.6 All of the other funding scenarios would require us to scale back our technical programme, given the smaller level of funding. In all of these scenarios, we would not be able to start the refresh our Strategic Investment Plan in the 2025/26 Financial Year. A number of other workstreams would have to be cancelled in all of these scenarios. We would then have to scale back funding for TfSE scheme development support, our analytical framework, and Centre of Excellence, to match the scale of the reduction in funding. If DfT funding was much lower than profiled for, we may have to look at reducing headcount, although our working plan is to not do this, as this would damage our ability to regrow our capability, should we get our optimal funding level in the subsequent financial year.

3.7 We will come back to Partnership Board in December with a final business plan based on the funding envelope that DfT provide us with. This will include recommendations on changes to the work programme for the Board to consider if that is required.

4. Local Authority Contributions

4.1 TfSE recognise the significant and growing funding shortfalls that Local Authorities in our region are facing. Given these pressures, it is right that every pound spent is scrutinised to ensure it delivers value for money. Audit and Governance Committee fulfil this scrutiny function for TfSE and are responsible for advising Partnership Board on TfSE’s Business Plan and budget.

4.2 Last year, at the request of Audit and Governance Committee, TfSE created a Value for Partners document, attached at **Appendix 2**, which sets out the TfSE approach and the value we generate for Local Authorities and other partners. Since then, we have gone even further. Now, whenever we generate any new work, we make sure that outputs benefit our Local Authorities and can be shared to them through our Centre of Excellence.

4.3 In our representations to the DfT in advance of the Spending Review, we will ask them to agree a position on Local Authority contributions in future years, so that all STBs are funded in the same way. However, DfT have recommended the time to consider this is as part of the longer term spending review in the Spring.

4.4 The local authority contribution is an important component of the TfSE budget envelope and demonstrates to the DfT the importance the Local Authorities place on TfSE and their willingness to contribute to the work it produces.

4.5 In the event local contributions ceased we would have to either choose workstreams to cancel altogether or make further reductions to TfSE’s scheme

development support and analytical framework. Board Members have given us repeated feedback that scheme development support and analytical framework are some of the most important workstreams that TfSE deliver. Both these workstreams deliver direct value for Local Authorities and are workstreams that Local Authorities would have to pay for themselves if TfSE's support was scaled down. TfSE's analytical support delivers particular value for Local Authorities, as TfSE can pay for analytical products once, saving Local Authorities having to pay for each of these products individually themselves. More detail on the savings TfSE's analytical support provides for Local Authorities is attached at **Appendix 3**.

4.6 TfSE will continue to work with the DfT through the spending review process to review local contributions as part of the spending review. Meanwhile it is recommended Local Authorities continue to support TfSE, noting the contribution has remained static since the inception of TfSE and it is not intended to uplift with inflation. Audit and Governance committee considered the issue of local contributions and recommend the Board consider and endorse the local contribution for 2025/26.

5. Audit and Governance Committee

5.1 The Audit and Governance Committee, which deliver the scrutiny function on behalf of the Partnership Board, have reviewed the draft funding allocations for the Business Plan and endorsed these to Partnership Board. The Audit and Governance Committee have also endorsed that contributions be sought from Local Authorities at the same level as last year.

6. Senior Officers Group

6.1 Revisions have been made to **Appendix 1** following feedback from Senior Officers Group. A 'narrative' has been added under each technical programme workstream to make it clear what will be delivered for each technical work area, and how work can be scaled upwards and downwards, based on the funding scenario.

6.2 At least £50,000 has been allocated to the Strategic Investment Plan (SIP) refresh in all funding scenarios, to ensure that we can go ahead with a light touch review of the SIP, even if we do not receive the level of funding that we hope. This will ensure the SIP: reflects the newly refreshed Transport Strategy; remains in line with the new Government's objectives; and can be easily prioritised to the funding envelope available to the region.

6.3 £50,000 has also been allocated to the Centre of Excellence in the 'Rollover in DfT funding' scenario. This will enable us to continue to develop a small amount of bespoke work specifically for the Centre of Excellence, in line with the requests of Local Authority users.

6.4 We have also allocated all costs for the Call Off Contract that TfSE uses to procure work into the 'Other costs and technical support' budget line. Previously, these costs were attributed to different workstream's budget lines, but to enable efficient accounting procedures, these have been brought together into one budget line.

6.5 An extra £25,000 has also been allocated to the 'Other costs and technical support' budget line in all scenarios. This will enable TfSE to undertake new work within the year, as and when a specific need arises, for instance, a Government consultation, where the Board wants TfSE to procure technical work to inform our response.

7. Conclusions and recommendations

7.1 The members of the Partnership Board are recommended to approve the draft funding allocations for the Business Plan, attached at **Appendix 1**, and approve that contributions should be sought from Local Authorities at the same level as last financial year.

RUPERT CLUBB
Chief Officer
Transport for the South East

Contact Officer: Keir Wilkins

Email: Keir.Wilkins@transportforthesoutheast.org.uk

Appendix 1 – Business Plan Funding Scenarios

Income:

	2024/25 Business Plan	2025/26 - Optimal Funding Level	2025/26 – DfT funding +20%	2025/26 – rollover in DfT funding	2025/26 – DfT funding -20%
DfT Grant	£2,065,000	£3,750,000	£2,478,000	£2,065,000	£1,652,000
Local Contributions	£498,000	£498,000	£498,000	£498,000	£498,000
Carry Forward	£1,362,607	£0	£0	£0	£0
Carry Forward for TfSE Reserve	£406,730	£406,730	£406,730	£406,730	£406,730
Total	£4,332,337	£4,654,730	£3,382,730	£2,969,730	£2,556,730

Expenditure:

	2024/25 Business Plan	2025/26 - Optimal Funding Level	2025/26 – DfT funding +20%	2025/26 – rollover in DfT funding	2025/26 – DfT funding -20%
Staffing	£1,320,000	£1,425,000	£1,350,000	£1,250,000	£1,157,000
Technical Programme	£2,440,997	£2,505,000	£1,325,000	£1,025,000	£725,000
Governance	£10,000	£25,000	£25,000	£25,000	£25,000
Operational Expenses	£52,110	£75,000	£75,000	£75,000	£75,000
Communications and Engagement	£102,500	£98,000	£98,000	£98,000	£98,000
TfSE Reserve	£406,730	£526,730	£509,730	£496,730	£476,730
Total	£4,332,337	£4,654,730	£3,382,730	£2,969,730	£2,556,730

Technical Programme Breakdown

	2024/25 Business Plan	2025/26 - Optimal Funding Level	2025/26 – DfT funding +20%	2025/26 – rollover in DfT funding	2025/26 – DfT funding -20%
Transport Strategy	£500,000	£40,000	£40,000	£40,000	£40,000
	<p>Narrative: The £40,000 is necessary to make final amendments to the Transport Strategy, in preparation for a submission to Government in October 2025.</p>				
Future Mobility	£40,000	£120,000	£40,000	£40,000	£0
	<p>Narrative: Work to support the constituent Local Transport Authorities with the roll out of future mobility initiatives across the South East as set out in the Action Plan for the TfSE Future Mobility Strategy. This will include continued facilitation of the South East Future Mobility Forum and work on the monitoring and evaluation of future mobility pilot projects delivered through the Centre of Excellence.</p>				
Active Travel	£56,000	£45,000	£45,000	£45,000	£0
	<p>Narrative: Delivery of elements of the Action Plan for TfSE Regional Active Travel Strategy that are focused on assisting Local Transport Authorities with the delivery of their Local Walking and Cycling Infrastructure Plans. This will include workshops and training sessions on topics agreed by a Regional Active Travel Steering Group and delivered through the Centre of Excellence.</p>				
Decarbonisation	£55,000	£40,000	£0	£0	£0
	<p>Narrative: Continued development of the Carbon Assessment Playbook tool launched to Local Transport Authorities in August 2024 to increase the range of local transport interventions for which carbon reduction impacts can be calculated.</p>				

Freight	£185,000	£205,000	£115,000	£115,000	£80,000
<p>Narrative: Commence delivery of the freight awareness work with local transport authorities, continued facilitation of the Wider South East Freight Partnership, and work to enhance the Alternative Fuels for Freight tool for the TfSE area. A reduced budget would mean reducing the scope of the programme of freight awareness work.</p>					
Electric Vehicle Infrastructure	£130,000	£120,000	£95,000	£45,000	£45,000
<p>Narrative: Work to update and refine the methodology for forecasting the impact of the electrification of vehicle fleets on public charging infrastructure in particular the forecasts for HGVs. Work with local transport to authorities to identify further opportunities for the introduction of charging infrastructure for fleet vehicles. Scope of the work on the roll out of charging infrastructure for fleet vehicles would be reduced if budget was reduced.</p>					
Rail	£0	£75,000	£75,000	£75,000	£75,000
<p>Narrative: Preparation of a rail strategy for the TfSE area and work to support the Wider South East Rail Partnership</p>					
SIP Implementation	£615,000	£500,000	£150,000	£150,000	£150,000
<p>Narrative: Funding to be allocated to LTAs and other delivery partners to enable them undertake feasibility and strategic outline business case work and building a pipeline of schemes ready to access funding opportunities as they arise. A</p>					

	reduced budget will result in fewer schemes being supported, a comprehensive pipeline not being developed and the South East not being able to access future funding opportunities.				
Other Costs and Technical Support	£204,997	£150,000	£150,000	£150,000	£150,000
	Narrative: Overall framework contract management costs for running the call off contract and delivering our technical work programme. Also includes an allowance to cover any unforeseen pieces of technical work that may be required during the year, such as responding to government consultations.				
SIP Refresh	£0	£250,000	£50,000	£50,000	£50,000
	Narrative: Following the refresh of the Transport Strategy, it will be necessary to also review the schemes and policies promoted within Strategic Investment Plan to ensure that they continue to support delivery of the outcomes set out in the strategy. If it is not possible to carry out a complete SIP refresh in 2025/26, then a light touch review will be required as a minimum. Reduced budget will delay the refresh of the SIP with the risk that the right schemes are not prioritised or brought forward which could compromise delivery of the outcomes set out in the strategy.				
Analytical Framework	£395,000	£725,000	£465,000	£265,000	£135,000
	Narrative: Continued development of a range of analytical tools and models which will support development of business cases to secure funding for schemes within the SIP. This work also adds value and efficiencies to our partners by providing access to data and tools to support their own transport models and analytical work. We will also continue to work with the other STB's in developing the common analytical framework, bringing efficiencies and consistency to analytical work across the county. Reduced budget will mean the work has to be spread over future financial years.				

Centre of Excellence	£260,000	£235,000	£100,000	£50,000	£0
	<p>Narrative: The DfT has made it a priority for STBs to enhance capacity and capability through provision of a Centre of Excellence. Launched in June 2024, we are seeing incremental increases on identified skills gaps across the region. With the largest funding envelope, TfSE will provide enhanced training, data, and bespoke one-to-one support as identified by users. Without this funding, support will be more limited, hosting and facilitating outputs from TfSE workstreams and signposting to useful resources. The ability to meet DfT's objectives under this funding scenario will be considerably constrained.</p>				
Total	£2,440,997	£2,505,000	£1,325,000	£1,025,000	£725,000

Transport for the South East’s Analytical Framework – Value for Local Authorities

As part of Transport for the South East’s Centre of Excellence, we are committed to offering our Analytical Framework to our Local Authorities, to benefit them.

The value offered by the TfSE analytical framework to our partners is composed of three key parts: **data, models/tools**, and **analytical capabilities**. The document below outlines the items that have been developed or are under development with 2024-25 funding, as well as the plans for the next two years as proposed and endorsed by the TfSE Partnership Board. The table records both costs and benefits for LTAs, however, quantifying the benefits is more challenging as it depends on how and if the LTA would procure the data or service. Therefore, indicative values are provided rather than absolute values, on a per LTA basis:

- £ = under £50,000
- ££ = £50,000 – 100,000
- £££ = over £100,000

1. Value Offered in the 2024-25 Plan

1.1. Data:

Data is fundamental to the development of any analytical tools and strategies. Our plan, informed by a data gap survey and discussions with technical officers from LTAs, aims to collect data that can fill these gaps at the regional level and contribute to the development of our own analytical tools and strategies.

Projects	Description	Costs	Benefits per LTA
Data Management Plan	A formal document that outlines how data will be organised, stored, preserved, and accessible in ways that protect the integrity of the data and comply with legal, regulatory, and ethical standards.	£12,500	£
Data & Product Catalogue	A catalogue records all data and products that have been managed by TfSE, which will be made accessible to all LTAs through the TfSE Centre of Excellence platform	£2,500	£
D-Log/I-Log	A live log of TfSE Local Plans and interventions.	£5,000	£
Rail Demand	Rail passenger origin destination data, derived from ORR annual passenger demand and BT mobile network data	£2,500	£
Journey Time by Mode	Journey time by transport mode data, provided by 3 rd party software	£20,000	£
Regional Travel Survey Data	Travel behaviour survey data covers the TfSE area	£70,000	££

1.2. Models/Tools:

This category includes transport models that are essential for making a business case for investments, as well as policy tools, which are built upon these transport models and can support strategies such as local transport plans and EV infrastructure strategies.

Projects	Description	Costs	Benefits per LTA
Travel Market Synthesiser	A tool to create synthetic matrices based on national trip end model and national travel survey data	£50,000	£
South East Economy and Land Use Model	A model can be used to test the impacts of interventions on land use and the economy (e.g., employment and housing demand) for the South East region.	£500,000	£££
Electric Vehicle Charging Infrastructure Tool	Tool to forecasting EV charging demand and potential locations for charging points	£100,000	££

1.3. Analytical Advisory and Research Capabilities:

Apart from data and models/tools, TfSE offers analytical advisory and research capabilities, to reduce the reliance on consultants.

Capability	Description	Costs	Benefits per LTA
Analytical advisory services	Technical specification, tender evaluation, technical assurance and best practice	£20,000 per project	££
Transport research	Working with academia to explore niche areas in transport.	£20,000 per project	£

2. Value Offered in Plan for 2025-26 and 2026-27

This section outlines the items currently included in TfSE's analytical framework plan for 2025-26 and 2026-27, which have been endorsed by the Partnership Board in May 2025.

2.1. Data

Projects	Description	Costs	Benefits per LTA
Data Hub	A centralised database managed and maintained by TfSE, to save all the data used in transport modelling and appraisal comes from national datasets, produced by 3rd party public sector organisations including the Department for Transport and consultancies.	£175,000	£££

Projects	Description	Costs	Benefits per LTA
	This workstream aims to include some map-based capacity.		
Traffic Counts Data (all modes)	Multimodal traffic counts camera (e.g. Vivacity)	£3,000/Camera	££
Mobile Network Data	Mobile network data to estimate the travel demand between origins and destinations, by travel mode	£100,000	££

2.2. Models/Tools

Projects	Description	Costs	Benefits per LTA
South East Highway Assignment Model	A road network model can be used to tests the impacts from interventions on road traffic conditions and travel costs	£200,000	£££
Active Travel Model	Model to give a realistic travel costs for walking and cycling	£100,000	££
Public Transport Model	A public transport model covers both bus and rail, give a realistic travel costs for public transport	£150,000	£££
Variable Demand Model	A models' integration component that can be used to model changes in travel behaviour, such as travel mode and destination choices	£150,000	£££
Decarbonisation Playbook	A tool to quantify operational carbon reduction from various transport interventions	£100,000	££
Alternative Fuels for Freight Infrastructure (ALFFI) Tool	The tool identifies preferential locations for the deployment of hydrogen and/or biomethane refuelling or recharging stations for heavy goods vehicles.	£50,000	£
Mass Transit/Mobility Hub Tool	A analytical tool to test mass transit and mobility hub schemes	£20,000	££

2.3. Analytical Capabilities

In addition to the analytical capabilities noted in Section 1.3, TfSE plans to expand our analytical team to better serve our partners. Once additional analysts have been recruited, we will be able to offer a range of analyses, from bespoke assessments such as accessibility analysis to more complex analyses like travel demand forecasting. Typical analytical project costs for consultancy fees range from around £40k for simpler projects to over £100k for more complex ones.

2.4 TfSE Centre of Excellence

Those items listed out above will all be featured in one place for convenience for local transport authorities. This will reduce the need for multiple log ins, and the ability to knowledge share on those workstreams with officers' lived experiences. In addition, the Centre of Excellence will provide expert briefings on topics through webinars, trainings, bespoke support, and specialised 1:1 support. It will

provide up to date exclusive content and act as a trusted resource, distinct from alternative sources, to improve capacity and capability.