

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

**Date of meeting:** 9 December 2024

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

**Title of report:** Business Planning 2025/26

**Purpose of report:** To provide an update on Transport for the South East's business planning for 2025/26.

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***RECOMMENDATIONS:***

The members of the Partnership Board are recommended to:

**(1) Note developments on Transport for the South East's business planning for 2025/26; and**

**(2) Agree that Transport for the South East bring a Business Plan to January's Board, in advance of submission the Department for Transport.**

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**1. Introduction**

1.1 Transport for the South East (TfSE) are required to publish a forward-looking business plan at the start of each financial year. The purpose of this report is to provide an update on TfSE's business planning for 2025/26.

**2. Background**

2.1 In the May 2024 meeting, the Partnership Board agreed that work on the 2025/26 Business Plan should start earlier in the year, to give Board members more opportunities to influence TfSE's forward work programme.

2.2 As part of this early-stage engagement, a Business Planning Workshop was held with Board Members in September 2024. We have also undertaken engagement activities with Partnership Board, Audit and Governance Committee, and Senior Officers.

**3. Developments on TfSE's business planning for 2025/26**

3.1 Department for Transport (DfT) asked all sub-national transport bodies (STBs), including TfSE, to submit indicative allocations for what their business plans would look like in three funding scenarios: a rollover in funding; a 20% increase; and a 20% decrease. TfSE developed these scenarios and these were approved by our Partnership Board in October, along with a fourth scenario, TfSE's optimal funding allocation, based on the amount of funding TfSE would need from Government to deliver all of the priorities of the Board.

3.2 At this October meeting, the Board agreed that these scenarios should be submitted to DfT, and that a final business plan should be drafted and brought to the Board, once DfT provided TfSE with its funding envelope for 2025/26.

3.3 The October Budget set out an overall departmental expenditure limit for the Department for Transport and announced several headline funding decisions, such as buses funding. However, this in then followed by the Department's budget setting process, which determines how revenue funding is split between each policy area. This will determine how much funding is available to STBs – and of this funding, how much is available to TfSE.

3.4 We expect these funding lines to be broadly unchanged from 2024/25, as the Department for Transport's overall revenue funding allocation was equal in cash terms as their settlement in 2024/25. However, the Board will wish for TfSE to make the case for as much funding as possible, and for Ministers to put TfSE on a trajectory to their optimal funding level, that Board Members signed off in October.

#### **4. Next steps**

4.1 DfT officials have informed TfSE that they will seek views from Ministers on STBs' funding settlements at the end of January 2025. They have offered STBs, including Transport for the South East, the opportunity to submit their Business Plan to the Department in advance of this date.

4.2 Whilst Officials have said it is not mandatory for STBs to submit a business plan this year, they will use these business plans to make the case for funding STBs. By submitting a Business Plan, TfSE can make the case for the importance of the roles we play – bringing Local Authorities and stakeholders together to speak with a collective voice on the South East's priorities; facilitating delivery of transport schemes across our region; and providing Value for Money for the Government with our TfSE Centre of Excellence and Analytical Framework.

4.3 The Audit and Governance Committee considered this issue before the Board and **recommended** the Board submit a Business Plan to DfT in January. We may need to redraft the Business Plan, following receipt of our actual funding settlement from the Department, but this would be brought to the March Board for approval.

#### **5. Recommendations**

5.1 The members of the Partnership Board are recommended to agree that TfSE bring a Business Plan to January's Board, in advance of submission the Department for Transport.

#### **RUPERT CLUBB**

**Chief Officer**

**Transport for the South East**

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