

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

**Date of meeting:** 17 March 2025

**By:** Chief 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

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***RECOMMENDATION:***

**The members of the Partnership Board are recommended to note the current financial position for 2024/25 to the end of February 2025.**

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**1. Overview**

1.1 The purpose of this report is to update the Partnership Board on Transport for the South East's (TfSE) financial position for 2024/25 to the end of February 2025.

**2. Background**

2.1 As set out in TfSE's Business Plan 2024/25, we aim to spend our full budget apart from our earmarked reserve, on delivering our technical programme this Financial Year. In doing so, we aim to reduce our carry forward to the next Financial Year to the lowest amount possible.

2.2 In January, the Partnership Board was provided forecasts of TfSE's year-end spend against each budget line. This forecast was that TfSE would spend £3,397,172, against an initial budget of £3,925,607, leading to a carry forward of £528,435 to 2025/26. £317,435 of this was uncommitted carry forward, which was assigned to new work at the January Partnership Board, and £211,000 was committed carry forward, which is for technical work that will continue to be delivered in 2025/26.

**3. Financial Position to the end of February**

3.1 **Appendix 1** sets out the position to the end of February 2025 against the agreed budget for 2024/25.

3.2 In January and February, TfSE spent £568,696 across all budget lines, bringing our total expenditure so far in 2024/25 to £2,325,644.

3.3 We expect expenditure on salaries, training, communications/engagement, governance and operational expenses to be broadly in line with the forecast that we made for the end of the financial year.

3.4. There are risks that spend on the technical work programme will not meet the forecast spend that was made at the January Partnership Board for the end of the year. The biggest risks of significant underspends are on the budget lines for Strategic Investment Plan (SIP) implementation, Analytical framework, and Freight.

3.5 Spend on SIP implementation is lower than expected because of delays in scheme development support work getting underway. This year, more local authorities (LAs) elected to use their own consultants to undertake the work (rather than utilising the TfSE technical call off contract) but there have been delays in specifying the work to be undertaken, procuring those consultants and finalising legal agreements, which has led to work not starting as promptly as would have been desirable. All schemes receiving support except one have now been commissioned, and the revised forecast for this work indicates that approximately £325,000 will be spent in 2024/25, with the remaining £230,000 committed, but needing to be carried forward to 2025/26. To mitigate this risk in future years, a consideration in selecting schemes to receive funding in 2025/26 has been their readiness to proceed and our LAs have been made aware of the expectation that they are “ready to go” if their scheme is awarded funding. There will also be a £60,000 underspend against this budget line, as an allocation was made to work with National Highways on some of the larger business cases for RIS3, but this has not been possible due to the delay in announcing RIS3. It is suggested that this amount is carried forward into 2025/26 and committed to work following the RIS3 publication. The year end forecast in **Appendix 1** has been updated to reflect these changes.

3.6 Work on building the South East Highways Assignment Model (SEHAM) has been slower than expected due to the complexity and sequential nature of the work, with the result that 30% of the work will now be undertaken in next financial year. A further impact on the Analytical Framework budget is the procurement of mobile network data, particularly that negotiations with potential suppliers and our partners have unfortunately not been concluded in time to allow purchase this year. This has resulted in a further increase of carry forward into 2025/26. The year end forecast in **Appendix 1** has been updated to reflect this.

3.7 Spend on freight has been lower than forecast. However, work on warehousing and waterborne freight are approaching completion. Work has started on the intermodal freight study and the freight awareness work which were always planned to continue into the next financial year. The year end forecast in **Appendix 1** has been updated to reflect this.

3.8 Spend on the Transport Strategy has been lower than forecast but work on the analysis of the responses to the public consultation has now commenced and will continue into the next financial year. The year end forecast in **Appendix 1** has been updated to reflect this.

#### **4. Revised Forecasts for Year End Expenditure**

4.1 Given the revised forecasts for spend on SIP Implementation, Analytical Framework, Transport Strategy and Freight, our revised forecast is that TfSE will spend £2,819,553 against an initial budget of £3,925,607, leading to a carry forward of £1,106,054 to 2025/26. £317,435 of this is uncommitted carry forward (which was re-allocated at Partnership Board in January) and the remaining £788,619 is committed carry forward, which is for technical work that will continue to be delivered in 2025/26.

4.2 As our accountable body, we use East Sussex County Council's services to process invoices and raise purchase orders. East Sussex County Council are migrating their financial systems from SAP to Oracle, and because of this, the cut off to provide them with invoices was 7<sup>th</sup> March. This means that several payments that would have been made in March will now be made in April. As a result, our carry forward is likely to be higher than forecast at the January Board, even though we have received these invoices, and they will be paid at the start of the 2025/26 Financial Year.

4.3 Where possible, where payments are ready to be made in March, but cannot be processed until April, we will accrue these payments, so that they are reflected in our end of year accounts for 2024/25, instead of 2025/26.

4.4 Whilst there may be an increase in carry forward from the technical programme compared to our current forecast, any additional underspends will be committed carry forward. This is because the work has been commissioned in line with our business plan, but that for various reasons it has not been possible to complete within the 2024/25 financial year. This money is not available to be re-allocated for additional work.

#### **5. Conclusions and Recommendations**

5.1 Partnership Board are recommended to note the position to the end of February 2025.

**RUPERT CLUBB**  
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## Appendix 1 – TfSE budget for 2024/25 - Budget position at end of February 2025

| EXPENDITURE FOR 2024/25          | Budget           | Year to Date Spend | Forecast Year-End Spend | Forecast Carry Forward |
|----------------------------------|------------------|--------------------|-------------------------|------------------------|
| Salaries (including on-costs)    | 1,300,000        | 966,540            | 1,138,325               | 161,675                |
| Training                         | 20,000           | 1,174              | 1,675                   | 18,325                 |
| <b>STAFFING</b>                  | <b>1,320,000</b> | <b>967,714</b>     | <b>1,140,000</b>        | <b>180,000</b>         |
| Transport Strategy               | 500,000          | 397,847            | 419,263                 | 80,737                 |
| SIP implementation               | 615,000          | 195,699            | 324,244                 | 290,756                |
| Analytical framework             | 395,000          | 113,834            | 164,214                 | 230,786                |
| Future mobility                  | 40,000           | 0                  | 0                       | 40,000                 |
| Active travel                    | 56,000           | 26,938             | 34,563                  | 21,437                 |
| Decarbonisation                  | 55,000           | 15,000             | 15,000                  | 40,000                 |
| Freight                          | 185,000          | 66,623             | 114,242                 | 70,758                 |
| Electric Vehicle Infrastructure  | 130,000          | 84,030             | 86,421                  | 43,579                 |
| Centre of Excellence             | 260,000          | 236,866            | 269,177                 | -9,177                 |
| Other costs/technical support    | 204,997          | 143,919            | 171,254                 | 28,746                 |
| <b>TECHNICAL PROGRAMME</b>       | <b>2,440,997</b> | <b>1,283,464</b>   | <b>1,598,378</b>        | <b>842,619</b>         |
| Events                           | 41,000           | 33,458             | 40,000                  | 1,000                  |
| Communications                   | 17,500           | 730                | 1,250                   | 16,250                 |
| Publications                     | 5,000            | 1,469              | 1,250                   | 3,750                  |
| Website                          | 21,000           | 10,276             | 10,250                  | 10,750                 |
| Stakeholder Database             | 18,000           | 8,925              | 8,925                   | 9,075                  |
| <b>COMMUNICATIONS/ENGAGEMENT</b> | <b>102,500</b>   | <b>54,858</b>      | <b>61,675</b>           | <b>40,825</b>          |
| TfSE Governance                  | 10,000           | 0                  | 0                       | 10,000                 |
| Operational Expenses             | 52,110           | 19,630             | 19,500                  | 32,610                 |
| <b>OTHER</b>                     | <b>62,110</b>    | <b>19,630</b>      | <b>19,500</b>           | <b>42,610</b>          |
| <b>TOTAL EXPENDITURE</b>         | <b>3,925,607</b> | <b>2,325,664</b>   | <b>2,819,553</b>        | <b>1,106,054*</b>      |

\*The forecast carry forward of £1,106,054 for 2025/26 is split into £317,435 of uncommitted carry forward, which was assigned to new work at Partnership Board in January, and £788,619 of committed carry forward, which is for technical work that will continue to be delivered in 2025/26.

### FUNDING FOR 2024/25

|  |                  |
|--|------------------|
| Local Contributions                    | 498,000          |
| DfT Grant                              | 2,065,000        |
| Carry Forward from 2023/24             | 1,362,607        |
| <b>TOTAL FUNDING EXCLUDING RESERVE</b> | <b>3,925,607</b> |

|  |                  |
|--|------------------|
| TfSE Reserve                           | 406,730          |
| <b>TOTAL FUNDING INCLUDING RESERVE</b> | <b>4,332,337</b> |