

Report to: Partnership Board –Transport for the South East

Date of meeting: 19 October 2026

By: Chief Officer, Transport for the South East

Title of report: TfSE Funding Model and Core Contributions for 2027/28

Purpose of report: To update the Partnership Board on the development of TfSE's future funding model and seek approval of constituent authority contributions for 2027/28.

RECOMMENDATIONS:

The Members of the Partnership Board are recommended to:

- 1) Note the engagement undertaken with constituent authorities through the Senior Officer Group on Transport for the South East's (TfSE) future funding arrangements;**
 - 2) Note the continued support expressed for TfSE's role in providing regional advocacy, maintaining the regional evidence base and operating the Centre of Excellence;**
 - 3) Agree that a subscription-based model is unlikely to provide a sufficiently stable and sustainable basis for funding TfSE's core functions, and that constituent authority contributions should form the basis of TfSE's core funding arrangements for 2027/28.**
 - 4) Approve the 2027/28 contribution schedule set out in Appendix 1, generating total local authority funding of £1 million.**
 - 5) Agree that officers continue to work with constituent authorities and emerging Strategic Authorities to develop longer-term funding arrangements from 2028/29 onwards.**
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Introduction

1.1 In July 2026, the Partnership Board noted work underway to develop a future contribution and subscription model for Transport for the South East (TfSE) and agreed that a detailed proposal would be brought to this meeting for consideration.

1.2 Since then, TfSE officers have undertaken further engagement with constituent authorities through the Senior Officer Group and have refined the funding proposals. This

report summarises the key findings and seeks agreement to a proposed approach for 2027/28.

2. Feedback from Engagement

2.1 Engagement with constituent authorities has demonstrated continued support for TfSE's role and recognition of the value it provides to partners. Feedback consistently identified value in the three priority areas identified by the Board. Partners also recognised the importance of retaining strategic transport capability throughout the period of Local Government Reorganisation and Devolution.

A summary of the activities and benefits delivered through the three priority areas is provided in Figure 1 below.

Figure 1: The Value of TfSE

REGIONAL ADVOCACY	REGIONAL EVIDENCE BASE	CENTRE OF EXCELLENCE
Providing a strong, collective voice for the South East	Providing evidence, analysis and tools that support better decisions	Building capability and sharing knowledge across the South East
Strategic engagement with Government and national bodies	Regional transport modelling and forecasting	Professional development and training
Representing regional priorities and investment needs	Shared data, analytical capability and technical expertise	Access to specialist expertise
Convening partners around shared challenges and opportunities	Strategic studies and research	Knowledge sharing and peer learning

2.2 There was broad recognition that many of these activities would be difficult, more costly or uneconomic to provide individually and are therefore more effectively and efficiently delivered at a regional scale.

2.3 Engagement also highlighted a shared view that maintaining these capabilities and continuing to deliver value beyond March 2027 will require a sufficient level of core funding (approximately £1 million per year) to support an appropriate staffing structure and focused technical programme.

3. Funding Options

3.1 A range of funding options have been considered, including maintaining current contributions, increasing constituent authority contributions and developing a subscription-based model.

3.2 Whilst subscription and chargeable services may provide opportunities for supplementary income in the future, and should continue to be explored, engagement and analysis indicate that they are unlikely to generate sufficient, stable income to support TfSE's core functions. A subscription-based model is therefore not recommended as the primary basis for TfSE's future funding arrangements.

3.3 Maintaining local contributions at their current level would not provide sufficient funding to support TfSE's core functions and deliver value for money to constituent authorities.

4. Proposed Funding Approach

4.1 The proposed approach has been developed to provide financial sustainability, build on existing arrangements and be implemented from April 2027.

4.2 This would increase constituent authority contributions in two stages by:

- a) restoring the real-terms value of contributions established in 2018/19 through the application of inflation; and then
- b) applying a further uplift to establish a sustainable operating position.

4.3 This would generate an overall local contribution of £1 million in 2027/28. The proposed amount of core contribution from each constituent authority is set out in Appendix 1.

4.4 The proposed approach represents a practical and sustainable basis for maintaining TfSE's core functions following the withdrawal of Department for Transport funding. As transport funding is increasingly devolved to local authorities, this approach enables constituent authorities to collectively retain the regional capability and services they have identified as valuable.

Future Arrangements

5.1 The governance landscape across the South East continues to evolve. The proposed approach is therefore intended to provide certainty for 2027/28 whilst the implications of local government reorganisation and devolution become clearer.

5.2 Officers will continue to engage with constituent authorities, and emerging Strategic Authorities and unitary authorities, to develop proposals for longer-term funding arrangements from 2028/29 onwards.

5. Conclusion and Recommendations

6.1 The withdrawal of DfT funding means TfSE must establish a sustainable local funding model from April 2027.

6.2 Engagement has demonstrated continued support for TfSE's role and the value it delivers to constituent authorities.

6.3 Whilst subscription services may form part of the future funding mix, they are unlikely to provide a sufficient basis for funding TfSE's core activities.

6.4 A revised contribution model, set out in Appendix 1, generating £1 million of local funding for 2027/28 is therefore recommended for approval.

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Appendix 1 – Proposed Constituent Authority Funding Contributions for 2027/28

Authority	2026/27 contribution	backdated inflation (+40%)	Increase to reach £1m (+43%)	Proposed 2027/28 contribution
Hampshire County Council	£58,000	+£23,200	+£34,800	£116,000
Isle of Wight Council	£30,000	+£12,000	+£18,000	£60,000
Portsmouth City Council	£30,000	+£12,000	+£18,000	£60,000
Southampton City Council	£30,000	+£12,000	+£18,000	£60,000
Kent County Council	£58,000	+£23,200	+£34,800	£116,000
Medway Council	£30,000	+£12,000	+£18,000	£60,000
Brighton & Hove City Council	£30,000	+£12,000	+£18,000	£60,000
East Sussex County Council	£58,000	+£23,200	+£34,800	£116,000
West Sussex County Council	£58,000	+£23,200	+£34,800	£116,000
Surrey County Council *	£58,000	-	-	-
- East Surrey Council *	-	-	-	£60,000
- West Surrey Council *	-	-	-	£60,000
Bracknell Forest Council **	£9,667	+£3,867	+£5,800	£19,333
Reading Borough Council **	£9,667	+£3,867	+£5,800	£19,333
Royal Borough of Windsor & Maidenhead **	£9,667	+£3,867	+£5,800	£19,333
Slough Borough Council **	£9,667	+£3,867	+£5,800	£19,333
West Berkshire Council **	£9,667	+£3,867	+£5,800	£19,333
Wokingham Borough Council **	£9,667	+£3,867	+£5,800	£19,333
(Berkshire Unitary Authorities collectively **)	(£58,000)	(+£23,200)	(+£34,800)	(£116,000)
TOTAL	£498,000			£1,000,000

Notes: * Surrey has 'unitarised' with East & West Surrey vesting 1 April 2027

** Berkshire authorities act as one "County" (previously Berkshire Local Transport Body) with one shared Board seat