

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

Date of meeting: **09 May 2022**

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

Title of report: **Budget for 2022/23**

Purpose of report: **To agree the end of year budget report for 2021/22 and to ratify the budget for Transport for the South East for 2022/23**

RECOMMENDATIONS:

The members of the Partnership Board are recommended to:

- (1) Agree the end of year budget report for 2021/22;**
- (2) Ratify the budget for Transport for the South East for 2022/23; and**
- (3) Agree an outline budget for Transport for the South East for 2023/24 and 2024/25.**

1. Overview

1.1 The purpose of this report is to present the Partnership Board with a proposed revenue budget for Transport for the South East (TfSE) and the end of year financial update for 2021/22.

2. End of Year report 2021/22

2.1 Appendix 1 sets out the final budget position for 2021/22. There are some key points:

- Income for the year was higher than anticipated as TfSE received additional grant funding of £700,000 from DfT in January 2022. This funding was to be used to support local transport authorities with specific work streams on decarbonisation, bus back better, EV charging infrastructure and local capability. Although procurement activity for these work streams commenced in 2021/22 the funding has been carried forward to 2022/23.
- Salary costs were lower than anticipated. This was due to a long-term vacancy in the technical team. Board members are also asked to note that previous DfT grant funding enabled the recruitment of two fixed term posts for a period of two years. These posts were recruited late in 2020/21 and the ongoing costs associated with these posts have been ringfenced within the TfSE reserves and will be carried forward to cover the fixed term contracts for the remaining 9 months.
- Several of the technical programme work streams commenced in 2021/22 but will not conclude until 2022/23. This includes the ongoing work on the Area Studies, the Strategic Investment Plan and some final work on the Freight,

Logistics and Gateways Strategy and other thematic strands. All these workstreams have been commissioned and the variance will be carried forward and allocated in the 2022/23 budget.

- Spend against operational expenses and other activities, such as events, were lower than originally budgeted due to the ongoing nature of reduced travel and events.

2.2 The total expenditure for 2020/21 was £1,752,251. In addition to this £1,673,621 is committed on the technical programme, including the Strategic Investment Plan, finalising the area studies and the DfT priority workstreams that were funded in January 2022. This is reflected in the 2022/23 budget, along with other committed spending.

2.3 East Sussex County Council, as the accountable body for TfSE, will provide s151 sign off for the final accounts for the local authority for 2021/22 later this summer.

3. Grant funding for 2022/23

3.1 At the Partnership Board meeting in October 2021, members agreed to submit a three year funding bid to the DfT for consideration as part of the departmental budget setting within the Comprehensive Spending Review announced in autumn 2021. The bid set out the funding that we were seeking over three years to deliver and implement the technical programme. The bid also included funding to support staffing and operational costs beyond those covered by the constituent authority contributions. The proposal also set out the likely costs for the implementation of the SIP, which would commence in 2023/24 and cover the requirements for business case and scheme development.

3.2 The DfT issued a grant letter on 21 March 2022 setting out that TfSE has been awarded £1.725m for 2022/23. This is slightly lower than the £1.8m included in the bid to DfT but is an increase of £500k on the previous year. The grant funding is welcomed and will enable TfSE to continue to resource and deliver its ambitious technical programme. The grant letter supports our core costs which includes capacity for additional staff resource to develop and deliver our technical programme. A copy of the letter is attached as Appendix 2.

3.3 The grant letter also sets out indicative funding allocations for 2023/24 (£2.065m) and 2024/25 (£2.240m). In effect this is an indicative multi year funding allocation for business planning purposes and it should be noted that the funding is not yet confirmed. The letter confirms that TfSE's performance in the next 12 months will be considered as a factor in the final decision about the levels of funding for future years.

4. Budget 2022/23

4.1 Alongside the DfT grant set out above, constituent authorities have made an important financial contribution to TfSE. A combination of the funding streams, along with the carry forward from 2021/22 will enable us to continue to move at pace with the development and delivery of the technical programme, whilst ensuring we have sufficient resource in place to facilitate this.

4.2 As agreed at the Partnership Board meeting in March 2022, the draft budget was circulated to Board members for comment via email in April 2022. A number of

Partnership Board members responded positively to the virtual paper and the budget is presented to this meeting for ratification.

4.3 Appendix 3 sets out a budget for 2022/23, including the key areas of the technical programme that we would like to progress.

4.4 The budget for 2022/23 sets out the following key points:

- Work on the area studies will conclude and will be funded by the remaining £451k that has been carried forward from 2021/22;
- The development of the SIP will conclude, funded by carry forward from 2021/22, and the new grant funding from DfT will allow for the engagement activity around the consultation to be expanded to target key audiences;
- Residual work on existing thematic work will conclude, including decarbonisation pathways and initial work to implement the action plan of the future mobility strategy;
- An allocation of £200k has been made for work on new thematic studies, which could include further work on freight and future mobility, etc;
- The development of an analytical framework has been allocated £300k. Building on the evidence base developed to support the transport strategy and area studies, it will include the data, modelling and evaluation tools needed to provide the evidence needed to support the development of business cases for the interventions identified in the SIP;
- The funding for the four additional work streams awarded in January 2021 (£700k) has been carried forward and allocated to the activities as outlined in the grant funding agreement from the DfT. The procurement of these work streams is now underway;
- There are allocations for supporting DfT priorities and to develop a centre of excellence. It is intended that both work streams will continue to progress the four additional work streams identified by DfT.
- As per previous years, an allocation has been made for communications and engagement activity. This is critical to support the development of the SIP and ensure that we have the support and buy-in from key stakeholder prior to its submission to Government;
- Operational costs have been included at £25k to cover a range of back office functions, including travel and room hire costs. Although spend in 2021/22 was considerably lower than this, there is an expectation that there will be an increase in room bookings and a return to face to face meetings in 2022/23;
- There has been an allocation of £45k against the governance work stream. This recognises that there may be some legal costs associated with the review of the constitution and intra-authority agreement. It is hoped that these will be lower than the proposed budget and this will be kept under review as the year progresses;
- Core staffing costs have risen to reflect expected cost of living increases that will be applied to all staff salaries. As a result of the expanded technical programme, it will be necessary to ensure that the appropriate level of resource is available. Subject to the agreement of the budget and noting the indicative funding allocations for 2023/24 and 2024/25 the Lead

Officer will commence work on establishing a staffing complement to put in place the capacity and capability to deliver the work programme.

4.5 The budget also includes an uplift in reserves to £361k at the end of the financial year. The uplift reflects that TfSE is likely to take on additional liabilities during 2022/23. In the event of a closure of TfSE, it is important to retain a reserve to protect the constituent authorities. It is intended that the reserve will be increased slightly each year to ensure that we have a sufficient reserve to cover potential closure costs.

5. Indicative Budget 2023/24 and 2024/25

5.1 As outlined above, the DfT grant funding letter sets out indicative funding allocations for 2023/24 (£2.065m) and 2024/25 (£2.240m). In effect this is an indicative multi year funding allocation for business planning purposes and it should be noted that the funding is not yet confirmed.

5.2 TfSE have used these indicative allocations to prepare an outline three year budget forecast for planning purposes. This is attached as Appendix 4 and sets out the proposed approach to developing the technical programme over the three year period.

5.3 The proposed outline budget is flexible and can be adapted to respond to emerging priorities from DfT and constituent authorities.

5.4 A proposed budget will be presented to the Board for approval on an annual basis, alongside a business plan. The business plan will capture the additional work that the TfSE team will be progressing, such as working with National Highways on the development of RIS3 and working with colleagues in the Great British Railways Transition Team.

6 Conclusions and Recommendations

6.1 The Partnership Board are recommended to agree the year end budget report for 2021/22 and to ratify the budget for 2022/23.

6.2 Board members are also asked to agree the indicative proposed budget for the next two financial years, on the basis that they will be used for planning purposes and that full annual budgets will be presented to the Board on an yearly basis for approval.

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Transport for the South East

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TfSE 2021/22 – End of year finance position

	Budget	YTD	Notes
INCOME			
Local Contributions	498,000	556,000	£58K income in advance
DfT Grant	1,225,000	1,225,000	
Additional DfT Funding	700,000	700,000	
Reserves	462,304	462,304	
Carry forward	63,385	63,385	
Committed funding	974,354	974,354	
TOTAL INCOME	3,923,043	3,981,043	
EXPENDITURE			
Staffing	675,000	596,012	
Technical Programme			
Transport Strategy	50,000	5,000	
Area Studies - Outer Orbital	315,692	282,542	
Area Studies - Inner Orbital	273,764	146,890	
Area Studies - South Central	273,279	146,010	
Area Studies - South West Radial	315,000	173,039	
Area Studies - South East Radial	315,000	180,847	
Strategic Investment Plan	160,000	12,707	
SIP consultation	20,000		
Thematic Studies	75,000	29,908	
Future Mobility	22,629	26,842	
Freight and Logistics Strategy	125,000	76,601	
Analytical Framework	125,000	26,600	
Other costs	7,000	-3,243	
EV Charging Strategy	100,000	0	
Bus Back Better	300,000	0	
Local Capacity and Capability	300,000	0	
TfSE Future Role	30,000	26,527	
Operational Expenses	35,000	5,392	
Communications/Engagement			
Events	20,000	5,979	
Advertising and publicity	25,000	6,792	
Website	10,000	362	
Stakeholder Database	7,000	6,000	
Media Subscriptions	2,500	1,444	
Committed funding		1,673,621	
Carry forward (non-technical)		155,992	
Income in advance		58,000	Kent CC
Reserves	341,179	341,179	£97,000 ringfenced for DfT funded fixed term posts
TOTAL EXPENDITURE	3,923,043	3,981,043	



Department for Transport

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21 March 2022

Dear Keith,

Transport for the South-East's Funding Allocation 2022/2023

I wanted to write to confirm the funding allocation for Transport for the South-East for Financial Year 2022/2023, subject to the terms set out in this letter.

I am pleased to be able to tell you that the Secretary of State and I have decided to allocate you core funding of £1,725,000 for the upcoming Financial Year – a significant uplift on your core funding from the current Financial Year.

This is in recognition of all the great work you have done supporting the Government's objectives in the South-East – and the way in which you have worked collaboratively with the Department for Transport and our delivery bodies as a supportive partner.

As you will have no doubt have seen, many of the Government's flagship policies have now been unveiled, including (but not limited to) the Williams-Shapps Plan for Rail, the Transport Decarbonisation Plan, Bus Back Better and the Levelling Up-White Paper. We see the upcoming year as a critical period, where we start to turn these plans into actions, levelling up the United Kingdom and making positive changes to people's lives and livelihoods.

To help us do this, the two primary roles that your STB plays will be important than ever: building and maintaining a transport strategy and using this to provide Government with advice on prioritising investment. Increasingly, we are also looking to STBs to support some of the Department's key policy agendas, for example on decarbonisation, electric vehicle infrastructure, better bus services, freight and local authority capability.

I know that Transport for the South-East was granted additional funding in 2021/2022 to help support some of the Government's key objectives. I look forward to seeing the outputs of your work and hope this funding makes a difference for your constituent local authorities, helping them to level up local transport across the South-East.

To help you in all the work you are doing for Government, we are content for you to use some of your core funding to pay for your staff, as long as you keep some funding in reserve to pay for any redundancies, should Transport for the South-East be wound up at a future point. You will wish to discuss this with your accountable body.

However, we know that as a newer STB, you have not had the same amount of resources, or staff as some of the more established STBs. We want to use this Spending Review period to provide you with more funding to bridge this gap, to help you build your capability. To help to do this, I have attached a projection of your funding across the Spending Review period.

Financial 2022/2023	Year	Financial 2023/2024	Year	Financial 2024/2025	Year
£1,725,000		£2,065,000		£2,240,000	

It might also help you to understand that over the SR period, the Department's aim is to move STB funding on a basis where it is approximately proportionate to the size of the population of each STB region. Actual funding will be subject to an approved workplan and good performance over the previous Financial Year.

I would be grateful if you could send me a business plan for the Financial Year ahead, based on £1,750,000 of core funding. Once I have agreed this business plan, my officials will send you a funding and governance agreement and a Grant Determination Form for your accountable Section 151 officer to sign and return. Following this, the funding will be granted under Section 31 of the Local Government Act 2003, in the financial year 2022/2023.

*Yours,
Charlotte*

BARONESS VERE OF NORBITON

Appendix 3: TfSE Proposed budget 2022/23

EXPENDITURE	22/23
STAFFING	850,000
Transport Strategy	80,000
Area Studies	563,407
Strategic Investment Plan	147,293
SIP consultation	40,000
SIP publication	30,000
Thematic studies	200,000
Decarbonisation Pathways	41,400
BBB - analytics	12,590
Project View	20,000
Future Mobility	24,000
Freight and Logistics	55,350
Analytical Framework	300,000
EV Charging Strategy	100,000
Bus Back Better	300,000
Local Capacity and Capability	300,000
Supporting DfT priorities	530,000
Other costs	30,000
Centre of Excellence Development	250,000
TECHNICAL PROGRAMME	3,024,040
Events	30,000
Communications	40,000
Website	10,000
Stakeholder Database	6,000
Media Subscriptions	2,500
COMMUNICATIONS/ENGAGEMENT	88,500
TfSE Governance	45,000
Operational Expenses	25,000
OTHER	70,000
TOTAL EXPENDITURE	4,032,540
FUNDING	
Local Contributions	498,000
DfT Grant	1,725,000
c/f Tech Programme	1,673,621
c/f Non Tech	155,992
c/f TfSE Reserve	341,179
TOTAL INCOME	4,393,792
CARRY FORWARD	
TfSE Reserve	361,252

Appendix 4: TfSE Indicative Budget 2023/24 and 2024/25

EXPENDITURE	22/23	23/24	24/25
STAFFING	850,000	1,180,000	1,201,000
Transport Strategy	80,000	100,000	250,000
Area Studies	563,407	0	0
Strategic Investment Plan	147,293	0	0
SIP consultation	40,000	0	0
SIP publication	30,000	0	0
Thematic studies	333,340	200,000	200,000
Project View	20,000	20,000	20,000
Analytical Framework	300,000	300,000	300,000
EV Charging Strategy	100,000	0	0
Bus Back Better	300,000	0	0
Local Capacity and Capability	300,000	0	0
Supporting DfT priorities	530,000	400,000	400,000
Other costs	30,000	30,000	30,000
Centre of Excellence Development	250,000	150,000	150,000
TECHNICAL PROGRAMME	3,024,040	1,200,000	1,350,000
Events	30,000	35,000	35,000
Communications	40,000	45,000	45,000
Website	10,000	10,000	10,000
Stakeholder Database	6,000	6,000	6,000
Media Subscriptions	2,500	2,500	2,500
COMMUNICATIONS/ENGAGEMENT	88,500	98,500	98,500
TfSE Governance	45,000	45,000	50,000
Operational Expenses	25,000	25,000	30,000
OTHER	70,000	70,000	80,000
TOTAL EXPENDITURE	4,032,540	2,548,500	2,729,500
FUNDING			
Local Contributions	498,000	498,000	498,000
DfT Grant	1,725,000	2,065,000	2,240,000
c/f Tech Programme	1,673,621	0	0
c/f Non Tech	155,992	0	0
c/f TfSE Reserve	341,179	361,252	375,752
TOTAL INCOME	4,393,792	2,924,252	3,113,752
CARRY FORWARD			
TfSE Reserve	361,252	375,752	384,252