

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

Date of meeting: **3 July 2023**

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

Title of report: **Financial Update**

Purpose of report: **To update on the budget for Transport for the South East**

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**RECOMMENDATIONS:**

**The members of the Partnership Board are recommended to:**

- (1) Agree the end of year position for 2022/23;**
- (2) Agree the proposed budget for 2023/24; and**
- (3) Note the financial update to end of May 2023.**

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**1. Overview**

1.1 The purpose of this report is to update the Partnership Board on the revenue budget for Transport for the South East (TfSE).

1.2 The paper provides the end of year financial position for 2022/23 and proposes the budget for the next financial year.

**2. 2022/23 end of year report**

2.1 Members of the Partnership Board agreed the budget for 2022/23 at the May 2022 meeting. The budget set out plans to deliver an ambitious technical programme, including completion of the Strategic Investment Plan and commencing work on additional thematic studies and the analytical framework. The budget also included staffing costs and support costs, including communications and engagement activities and operational costs.

2.2 Appendix 1 sets out the end of year position against the agreed budget. This has been considered by the Audit and Governance Committee, who agreed to recommend the report to the Partnership Board.

2.3 Income of £1.725m was received from the Department for Transport (DfT), with a further £498k from local contributions. Including carry forward of just over £2m, TfSE had an operating budget of £4m in the financial year 2022/23.

2.4 Total expenditure was £2.3m, with £1.5m spent on the technical programme. The following paragraphs provide a short narrative on the financial spend against the budget.

2.5 Staffing costs totalled £745k, against a budget of £850k. The budget had anticipated that the TfSE staffing complement would be in place by summer 2022, but there have been challenges with recruiting transport planners and analysts. Although a number of posts have been successfully filled in the latter part of the financial year there are still a number of vacancies within the staffing structure, accounting for the lower than anticipated staffing costs. TfSE continues to work with the HR department at the accountable body and relevant recruitment agencies to help fill these hard to recruit posts.

2.6 Expenditure on the technical programme amounts to just over £1.5m, against a budget of £3m. This includes:

- Area studies – this workstream commenced in 2020/21 and has continued to develop over the three year period, culminating in the publication of the suite of area studies documentation alongside the Strategic Investment Plan in March 2023. A total of £60k remains on the purchase order for this work and it is anticipated that the final invoices will be received in Q1 of 2023/24.
- Strategic Investment Plan – to date £166k has been spent on the SIP, exceeding the original budget of £147k. This reflects additional work to support the publication of the SIP, including the development of area factsheets for MPs and monitoring and evaluation work. Again, this workstream is expected to close in Q1, with the receipt of the final invoices.
- The consultation for the SIP cost £24k, against the budget figure of £40k, and the SIP publications relates to the ongoing work on policy position statements that will support communications relating to the SIP.
- Thematic studies – work continued on freight and future mobility in the last 12 months with the establishment of stakeholder groups and some strategy work, including the driver welfare study. The spend on these activities was just under £50k, against a budget of £200k. Other thematic work included in Appendix 1 relates to workstreams that had carried forward from 2021/22, including the freight, logistics and gateways strategy, decarbonisation pathways and bus back better analytics.
- The analytical framework funding (£300k) was initially held back by the DfT while TfSE developed a routemap for the workstream, including key milestones, costs and outcomes. The routemap was considered by the Partnership Board in January 2023 and submitted to DfT, subsequently obtaining approval to proceed. However, the funding was not received until March 2023 and it was not possible to commence the work prior to year end. However, the funding will be carried forward to 2023/24.
- The electric vehicle charging infrastructure strategy formed part of the additional funding received from DfT in February 2022. £100k was allocated to undertake the work, but following a request for tender process the successful bidder completed the work for £50k. The remaining £50k will be carried forward to undertake the next phase of the work in 2023/24.
- The bus back better project was successfully awarded to TfSE to deliver on behalf of England's Economic Heartland and Transport East, with each STB receiving £100k. This project is reaching a conclusion and the final invoices will be received by May 2023. The final expenditure against this workstream is expected to be £289k against the £300k budget.
- The local capacity and capability project has spent £290k against the budget of £300k. This funding has been used to support local transport authorities in

the delivery of their local transport plans. A total of five projects were supported and will continue to develop over the coming months.

- Spend against the supporting DfT priorities line was considerably lower than anticipated. It has originally been planned to extend the workstreams on decarbonisation, bus back better and local capability. However, the late receipt of the additional DfT funding did impact on timescales for the workstreams and made it difficult to undertake the additional work. This funding will be carried forward and used to support technical workstreams in 2023/24.
- The funding for the Centre of Excellence (£250k) was initially held back by the DfT while TfSE developed a routemap for the workstream, including key milestones, costs and outcomes. The routemap was considered by the Partnership Board in March 2023 and submitted to the DfT, subsequently obtaining approval to proceed. The funding will be carried forward to 2023/24.

2.7 The communications and engagement spend was just under £30k against a budget of £88k. The majority of spend was on events, including the TfSE Connecting the South East event in July and the joint STB conference.

2.8 There was no spend against the TfSE governance budget line, which is to cover any costs in relation to legal expenses or governance issues. This is in large part due to the pro-bono work undertaken by the accountable body on the review of the constitution and the intra-authority agreement.

2.9 Operational costs were £34k against a budget of £25k. This reflects the increasing number of room bookings, staff travel and accommodation costs, as well as the purchase of ICT equipment for new starters.

2.10 Appendix 1 sets out that TfSE has a carry forward figure of £1.7m. A large proportion of this funding is either committed or ringfenced for specific technical workstreams, including the final costs of the SIP and additional thematic work. Up until this point, our funding settlements have been provided in-year which has been difficult to plan for. Now that we have been allocated indicative funding settlements for future years, we expect the level of carry forward to reduce in the next financial year.

2.11 The accountable body will provide s151 sign off to the end of year accounts in due course.

### **3. Budget 2023/24**

3.1 Appendix 2 sets out a proposed budget for 2023/24. The Partnership Board considered an earlier version of this in March 2023, noting the final budget would be presented to the Board in July 2023 once the carry forward figures had been finalised. This has been considered by the Audit and Governance Committee, who provided advice on the draft budget prior to its presentation to the Partnership Board.

3.2 The budget is based on the DfT indicative funding allocation of £2.065m. Although this is yet to be confirmed, the DfT have asked us to use it as the basis for business planning and it is anticipated that we will receive formal confirmation of the

grant funding in advance of the July Board meeting. A verbal update will be provided at the meeting.

3.3 The local contributions were agreed by the Board in November 2022 and the confirmed carry forward is £1.7m. The TfSE reserve carry forward is £361k. This gives an operating budget of £4.6m for 2023/24.

3.4 The budget makes proposals for the key areas of the technical programme set out in the agreed Business Plan, including:

- Transport strategy – this would entail a refresh of the evidence base for the transport strategy. £300k has been allocated for 2023/24.
- SIP implementation – the £375k allocated to this activity will support the development of feasibility studies and business cases for the schemes included in the SIP that do not have a clear owner. This activity is scalable and could be expanded if further funding was made available from the DfT.
- Analytical framework – the £323k allocated to the development of the analytical framework will enable the implementation of the routemap agreed by the Board in January 2023. The funding largely comprises carry forward from 2022/23.
- Future mobility – implementation of the future mobility strategy will continue, with activities planned including a future propulsion strategy and continuation of the Forum. £18k of the funding allocated is carry forward from 2022/23.
- Active Travel – as set out in the Business Plan, TfSE will lead the development of a regional active travel strategy. This activity has been allocated £100k.
- Decarbonisation – working with EEH and Transport East, TfSE will continue to support the delivery of the DfT priority workstream. £107k is already committed funding from 2022/23, with the remaining £100k to take forward various workstreams.
- Freight – continued implementation of the freight, logistics and gateways strategy, including the driver welfare study and Freight Forum.
- Bus back better – this is largely completion of the existing workstream, which is expected to conclude by May 2023. £50k is allocated for future activities.
- Electric vehicle charging strategy – this funding includes the final invoice for the strategy agreed by the Board in March 2023, as well as the next phase of the work which will consider fleet electrification. The remaining funding will be used to support the implementation of the strategy and action plan.
- Centre of excellence – will support the implementation of the routemap agreed by the Board in March 2023.
- Technical support – will be used to support the delivery of the wider technical programme, including data, analysis and support on technical consultation responses.
- Carry forward – this budget line includes the residual carry forward from the area studies and SIP, which are both expected to conclude in Q1. Please note, the carry forward figure of £1.7m has been allocated against the specific activities for which it is ringfenced, i.e. Centre of Excellence, etc. This smaller figure is the residual spend for the area studies and the SIP, which do not have a separate budget line.

3.5 As per previous years, an allocation has been made for communications and engagement activity. This is critical to support the delivery of the SIP and ensure that we have the support and buy-in from key stakeholders. Operational costs have been uplifted to £50k to reflect the increasing amounts of travel and room hire costs. There has been an allocation of £45k against the governance workstream. This recognises that there may be some legal costs associated with the work emerging from the Audit and Governance Committee.

3.6 Core staffing costs have risen to reflect that the full complement of the team will be in place during the financial year and to reflect expected cost of living increases that will be applied to all staff salaries. As the delivery of the SIP accelerates, it is likely that additional technical resource will be required to support business case and scheme development.

3.7 The draft budget proposal also includes an uplift in reserves to just over £400k at the end of the financial year. The uplift reflects that TfSE is likely to take on additional liabilities during 2023/24.

## **4 Financial Report to end of May 2023**

4.1 Appendix 3 sets out the spend position to the end of May 2023 against the agreed budget.

4.2 The main elements of expenditure relate to delivering initial elements of the technical programme, finalising delivery of the Strategic Investment Plan and staffing costs. It is anticipated that spend will accelerate once work begins on the call off contract.

## **5 Conclusions and Recommendations**

5.1 The Partnership Board are recommended to agree the financial position at the end of the 2022/23 financial year, as recommended to the Board by the Audit and Governance Committee.

5.2 The Partnership Board are also asked to agree the proposed budget for 2023/24 and note the financial update to the end of May 2023.

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## Appendix 1: Transport for the South East – budget outturn 2022/23

	Budget	Actual YTD
<b>EXPENDITURE</b>		
Salaries (including on-costs)	850,000	745,973
<b>STAFFING</b>	<b>850,000</b>	<b>745,973</b>
Transport Strategy	80,000	19,903
Area Studies	563,407	502,588
Strategic Investment Plan	147,293	166,947
SIP consultation	40,000	24,000
SIP publication	30,000	12,780
Thematic studies	200,000	48,305
Decarbonisation Pathways	41,400	30,450
BBB - analytics	12,590	12,590
Project View	20,000	0
Future Mobility	24,000	20,129
Freight and Logistics	55,350	49,597
Analytical Framework	300,000	16,300
EV Charging Strategy	100,000	45,000
Bus Back Better	300,000	194,094
Local Capacity and Capability	300,000	289,663
Supporting DfT priorities	530,000	17,690
Other costs	30,000	27,310
Centre of Excellence Development	250,000	29,854
<b>TECHNICAL PROGRAMME</b>	<b>3,024,040</b>	<b>1,507,200</b>
Events	30,000	16,661
Communications	40,000	3,214
Website	10,000	558
Stakeholder Database	6,000	7,017
Media Subscriptions	2,500	2,109
<b>COMMUNICATIONS/ENGAGEMENT</b>	<b>88,500</b>	<b>29,559</b>
TfSE Governance	45,000	0
Operational expenses	25,000	34,506
<b>OTHER</b>	<b>70,000</b>	<b>34,506</b>
<b>TOTAL EXPENDITURE</b>	<b>4,032,540</b>	<b>2,317,238</b>
<b>FUNDING</b>		
22/23 Contributions	498,000	497,999
DfT Grant	1,725,000	1,725,000
Brought Forward From 21/22	2,170,792	2,170,792
<b>TOTAL FUNDING</b>	<b>4,393,792</b>	<b>4,393,791</b>
<b>CARRY FORWARD</b>		
TfSE Reserve	361,252	361,252
Funding Carried Forward		1,715,301

## Appendix 2: Transport for the South East – final draft budget 2023/24

<b>EXPENDITURE</b>	<b>2023/24</b>
<b>STAFFING</b>	<b>1,285,000</b>
Transport Strategy	300,000
SIP implementation	375,000
Analytical framework	323,700
Future mobility	168,455
Active travel	100,000
Decarbonisation	207,000
Freight	162,832
Bus Back Better	143,336
Electric Vehicle Infrastructure	200,000
Project View and PV2	50,000
Centre of Excellence	470,000
Other costs/technical support	100,000
C/F for committed workstreams	103,000
<b>TECHNICAL PROGRAMME</b>	<b>2,703,323</b>
Events	40,000
Communications	50,000
Publications	35,000
Website	15,000
Stakeholder Database	7,000
Media Subscriptions	2,500
<b>COMMUNICATIONS/ENGAGEMENT</b>	<b>149,500</b>
TfSE Governance	45,000
Operational Expenses	50,000
<b>OTHER</b>	<b>95,000</b>
<b>TOTAL EXPENDITURE</b>	<b>4,232,823</b>
<b>FUNDING</b>	
Local Contributions	498,000
DfT Grant	2,065,000
Carry forward	1,715,301
c/f TfSE Reserve	361,252
<b>TOTAL INCOME</b>	<b>4,639,553</b>
<b>CARRY FORWARD</b>	
<b>TfSE Reserve</b>	<b>406,730</b>

### Appendix 3: TfSE financial update – end of May 2023

	Budget	Actual YTD	Forecast
<b>EXPENDITURE</b>			
Staffing costs (including on-costs)	1,300,000	154,666	1,300,000
<b>STAFFING</b>	<b>1,300,000</b>	<b>154,666</b>	<b>1,300,000</b>
Transport Strategy	300,000	0	300,000
SIP implementation	375,000	0	375,000
Analytical framework	323,700	0	323,700
Future mobility	168,455	11,965	168,455
Active travel	100,000	0	100,000
Decarbonisation	207,000	107,000	207,000
Freight	162,832	0	162,832
Bus Back Better	143,336	92,384	143,336
Electric Vehicle Infrastructure	200,000	0	200,000
Project View	50,000	0	50,000
Centre of Excellence	470,000	9,951	470,000
Other costs/technical support	120,000	500	120,000
C/F for committed workstreams	63,000	35,121	63,000
<b>TECHNICAL PROGRAMME</b>	<b>2,683,323</b>	<b>256,921</b>	<b>2,683,323</b>
Events	40,000	13,453	40,000
Communications	50,000	148	50,000
Publications	40,000	52	40,000
Website	15,000	0	15,000
Stakeholder Database	7,000	198	7,000
Media Subscriptions	2,500	0	2,500
<b>COMMUNICATIONS/ENGAGEMENT</b>	<b>154,500</b>	<b>13,851</b>	<b>154,500</b>
TfSE Governance	45,000	0	45,000
Operational Expenses	50,000	2,303	50,000
<b>OTHER</b>	<b>95,000</b>	<b>2,303</b>	<b>95,000</b>
<b>TOTAL EXPENDITURE</b>	<b>4,232,823</b>	<b>427,742</b>	<b>4,232,823</b>
<b>FUNDING</b>			
Local Contributions	498,000	116,000	498,000
DfT Grant	2,065,000	0	2,065,000
Carry Forward	2,076,553	2,076,553	2,076,553
<b>TOTAL FUNDING</b>	<b>4,639,553</b>	<b>2,192,553</b>	<b>4,639,553</b>
<b>CARRY FORWARD</b>			
TfSE Reserve	406,730		406,730