

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

Date of meeting: **14 November 2022**

By: **Lead 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**

RECOMMENDATIONS:

The members of the Partnership Board are recommended to

- 1) Note the current financial position for 2022/23 to the end of September 2022;**
- 2) Note the update on grant funding from the Department for Transport;**
- 3) Note the progress on the recruitment of additional staffing resource; and**
- 4) Agree the local contributions for 2023/24.**

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 an update on the financial position for 2022/23 to the end of September 2022 and sets the forecasts for the end of the financial year. It also provides an update on the grant funding agreement from the Department for Transport and the recruitment process for TfSE.

2. Budget Update

2.1 Members of the Partnership Board agreed the proposed budget for 2022/23 at the May 2022 meeting. The budget sets 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 includes staffing costs and support costs, including communications and engagement activities and operational costs.

2.2 Appendix 1 sets out the spend position at the end of Quarter 2 against the agreed budget. This also sets out the current forecast to the end of the financial year.

2.3 The main elements of expenditure to date relate to delivering the technical programme, including the wrap up of the Area Studies and supporting delivery of the Strategic Investment Plan consultation, and staffing costs. The total spend to date is just over £1m with just over £700k on the technical programme.

2.4 The forecasts in the paper have been updated to reflect the forthcoming staffing changes (see recruitment update below) and the latest update on DfT grant funding. The current forecast for end of year expenditure is almost £3.5m, compared with an expected income of £3.9m.

2.5 This results funding carry forward of £92k that will be allocated to the delivery of the TfSE technical and operational programme in 2023/24. The TfSE reserve will remain unchanged.

3. DfT Grant Funding 2022/23

3.1 As set out in the indicative grant letter from the DfT (March 2022), TfSE was awarded £1.725m for financial year 2022/23. The letter was clear that the grant funding would be released upon receipt of the TfSE Business Plan. The Board approved the Business Plan at the May 2022 meeting and it was subsequently submitted to DfT.

3.2 DfT reviewed the Business Plan and confirmed the release of £1.175m of the grant funding. Subsequent discussions with the DfT about the release of the balance of a further £250,000 for the Centre of Excellence and £300,000 for the analytical framework identified that TfSE had made good progress against both work streams, but further engagement with DfT and all seven STBs was needed to agree next steps.

3.3 As agreed at the September 2022 Partnership Board meeting, TfSE officers have worked with the DfT to secure draw down of smaller amounts of funding against both work streams to enable background research to continue. This entails £40,000 for the centre of excellence, which will enable TfSE to work with its constituent authorities to scope the remit of the project, and an initial £20,000 for the analytical framework to develop a pathway for its development. The Partnership Board will be updated on both work streams at future meetings.

3.4 Discussions continue with DfT about the remaining balance of the TfSE grant. It is hoped that this will be rolled onto the 2023/24 grant allocation to enable TfSE to progress both work streams at pace.

4. Staffing Update

4.1 As outlined to the Partnership Board in May 2022, the expanded technical programme means that it will be necessary to ensure that the appropriate level of resource is available. Following agreement of the budget and noting the indicative funding allocations for 2023/24 and 2024/25, the Lead Officer commenced work on establishing a staffing complement to put in place the capacity and capability to deliver the work programme.

5. Local Contributions for 2023/24

5.1 Constituent authorities have made an important financial contribution to TfSE, which has funded a small staffing complement. This is welcomed, particularly in recognition of the challenging times faced by local authorities.

5.2 It is evident that DfT wish to see local contributions continuing to form part of TfSE's approach to funding and welcome the local contributions made to date. TfSE received an indicative funding allocation for 2023/24 in March 2022 and the advice from DfT is to use this as the basis for business planning for 2023/24.

5.3 Currently constituent authorities have paid a contribution for 2022/23 financial year of £58k for county authorities and £30k for individual unitary authorities. It is proposed to continue this into the 2023/24 financial year and for the amounts to stay the same.

5.4 The amount levied in total will amount to £498,000, which makes an important contribution to staffing costs. A full budget proposal and accompanying business plan will be presented to the Partnership Board for consideration in January 2023.

6. Conclusions and recommendations

6.1 The Partnership Board are recommended to note the financial position to the end of September 2022 and the current position on grant funding for 2022/23 from the Department for Transport.

6.2 Members are asked to note the position on recruitment of additional resource to support the expanded technical programme.

6.3 Members are also asked to agree the local contributions for 2023/24.

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Transport for the South East

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Appendix 1: TfSE Budget update – end of Quarter 2

	Budget	Actual YTD	Forecast	Notes
EXPENDITURE				
Salaries (including on-costs)	850,000	326,457	850,000	
STAFFING	850,000	326,457	850,000	
Transport Strategy	80,000	0	80,000	
Area Studies	563,407	449,528	563,407	
Strategic Investment Plan	147,293	107,827	147,293	
SIP consultation	40,000	19,000	40,000	
SIP publication	30,000	0	30,000	
Thematic studies	200,000	0	200,000	
Decarbonisation Pathways	41,400	23,500	41,400	
BBB - analytics	12,590	12,590	12,590	
Project View	20,000	0	20,000	
Future Mobility	24,000	17,766	24,000	
Freight and Logistics	55,350	49,597	55,350	
Analytical Framework	300,000	0	20,000	Forecast adjusted to reflect draw down from DfT
EV Charging Strategy	100,000	0	100,000	
Bus Back Better	300,000	0	300,000	
Local Capacity and Capability	300,000	19,860	300,000	
Supporting DfT priorities	530,000	0	530,000	
Other costs	30,000	11,525	30,000	
Centre of Excellence Development	250,000	0	40,000	Forecast adjusted to reflect draw down from DfT
TECHNICAL PROGRAMME	3,024,040	711,193	2,534,040	
Events	30,000	9,454	20,000	
Communications	40,000	0	30,000	
Website	10,000	50	6,000	
Stakeholder Database	6,000	0	6,000	
Media Subscriptions	2,500	408	2,500	
COMMUNICATIONS/ENGAGEMENT	88,500	9,912	64,500	
TfSE Governance	45,000	0	30,000	
Operational expenses	25,000	18,352	25,000	
OTHER	70,000	18,352	55,000	
TOTAL EXPENDITURE	4,032,540	1,065,915	3,503,540	
FUNDING				
22/23 Contributions	498,000	488,333	498,000	
DfT Grant	1,725,000	1,175,000	1,235,000	
Brought Forward From 21/22	2,170,792	2,170,792	2,170,792	
TOTAL FUNDING	4,393,792	3,834,125	3,903,792	
CARRY FORWARD				
TfSE Reserve	361,252		361,252	
Funding Carried Forward			91,973	