

MEETING OF THE BERKSHIRE LOCAL TRANSPORT BODY (BLTB) – THURSDAY 12 NOVEMBER 2020

CONTACT OFFICER: Josie Wragg, Chief Executive, Slough Borough Council, lead officer to the BLTB

PART I

Item 10: Transport for the South East – Subscription Report Update

Purpose of Report

1. At your meeting in November 2019, you agreed to renew the annual subscription to Transport for the South East (TfSE) of £58,000 for 2019/20, with the amount to be split 6 ways between the constituent authorities.
2. In its role as accountable body for the Berkshire Local Transport Body, Slough BC collects contributions from BLTB members and passes the subscriptions to East Sussex County Council, the accountable body for TfSE.
3. TfSE has now submitted its proposal to become a statutory body to government, and whilst government has committed to supporting TfSE's South East transport strategy, its current position is that the time is not right for the further devolution of transport powers.
4. TfSE has welcomed the news that its transport strategy will be used by government to help decide where, when and how to invest in the South East's transport network and as this dialogue with government continues, we believe that it remains prudent for the BLTB to agree the renewal of further subscriptions on an annual basis.

Recommendation

5. You are recommended to agree to a renewed annual BLTB subscription of £58,000 for TfSE to cover the period 2020/21, with the amount to be split 6 ways between the constituent authorities.

Other Implications

Financial

6. Funding of £1.225m has been secured for TfSE from the Department for Transport for 2020/21.
7. The TfSE Shadow Partnership Board has agreed in principle to a funding model for 2020/21, which retains the same level of local contribution as the previous year and will bring in a further £498,000 of funding to support the operation of Transport for the South East.
8. The TfSE Board have not yet considered the local authority contributions for 2021/22 yet – this will happen in early 2021, but officer level discussions have indicated that the amounts will remain unchanged.
9. The approach for calculating contributions has been developed in a pragmatic manner with members and reflects the sizes of different member authorities.

Type of authority	Proposed level of contribution per year	Total
County councils (East Sussex, Hampshire, Kent, Surrey, West Sussex)	£58,000	£290,000
Unitary authorities (Brighton and Hove, Isle of Wight, Medway, Portsmouth, Southampton)	£30,000	£150,000
Other partner authorities (Berkshire Local Transport Body)	£58,000 (shared between partner organisations)	£58,000
Total		£498,000

Risk Management

10. In November 2015, the DfT published [proposals as part of its devolution agenda](#)¹ to establish sub-national transport bodies on a statutory basis. It gave [Transport for the North](#)² and [Midlands Connect](#)³ as examples.
11. The risk for the Thames Valley Berkshire area is that by not engaging with the government's policy to promote sub-national transport bodies, it will be harder to fund infrastructure proposals that are significant at the sub-national scale.
12. The risk associated with participating in these arrangements is that time, resources and energy will be devoted to the new arrangements which fail to deliver any tangible benefits.
13. At the March 2017 meeting you agreed that the BLTB should join the new arrangements, as opposed to the six individual unitary authorities, as response to these risks. The logic of the proposal is that the six unitary councils have a shared interest at the sub-national scale, and that our participation can be safely streamlined through joint participation.
14. Having agreed to join the organisation, it is appropriate to contribute to its costs.

Human Rights Act and Other Legal Implications

15. [Section 21\(1\) of the Cities and Local Government Devolution Act 2016](#)⁴ amended Part 5 of the Local Transport Act 2008 as follows,

“The Secretary of State may by regulations establish a sub-national transport body for any area in England outside Greater London.”

¹ <https://www.gov.uk/government/news/regions-to-be-offered-legal-powers-to-transform-transport>

² <http://www.transportforthenorth.com/>

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/482247/midlands-engine-for-growth.pdf

⁴ <http://www.legislation.gov.uk/ukpga/2016/1/section/21/enacted>

The Act goes on to describe further the regulations for a sub-national transport body should be made.

16. Slough Borough Council will provide legal support for the BLTB should any questions arise on the application of this enabling legislation to the arrangements for the proposed Transport for the South East.

Supporting Information

17. Attached at Appendix 1 of this report is the budget report that was agreed by the TfSE Shadow Board on 22 October 2020.
18. You will note that the Department for Transport (DfT) confirmed at the beginning of August 2020 that TfSE had successfully secured £1.225m of grant funding for 2020/21. This will enable TfSE to progress with the planned technical work programme at an accelerated rate. It takes the total amount of DfT investment to £2.825m over a four-year financial year period.
19. As the grant funding was not announced until August 2020 TfSE had previously been working on the assumption of a zero DfT grant allocation, although the Board had considered a number of budget scenarios up to £1m DfT grant. As the grant allocation was higher than the scenarios anticipated, it has been necessary to develop a revised budget profile as outlined in Appendix 1.

Conclusion

20. The Shadow Board for 'Transport for the South East' continues to make the case for progression towards statutory status and welcomes continued government grant funding and its commitment to support TfSE's draft Transport Strategy.

Background Papers

21. Correspondence between LEPs and briefing notes supplied by the TfSE shadow project team.

Appendix 1

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

Date of meeting: **22 October 2020**

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

Title of report: **Financial Update and Budget for 2020/21**

Purpose of report: **To update on the budget position for Transport for the South East and note the Comprehensive Spending Review submission**

RECOMMENDATIONS:

The members of the Shadow Partnership Board are recommended to:

- (1) Agree the amended budget proposal for 2020/21, which is based upon receipt of the £1.225m grant from the Department for Transport;
- (2) Note the current financial position for 2020/21 to the end of September 2020, including the forecasts for end of year spend; and
- (3) Note the submission to Treasury for consideration in the forthcoming Spending Round.

1. Overview

1.1 The purpose of this report is to update the Shadow 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 2020/21 to the end of September 2020, including forecasts for the projected spend at the end of the financial year.

1.3 The paper also presents the submission to the Treasury for consideration as part of the forthcoming spending round.

2. 2020/21 budget

2.1 The Department for Transport (DfT) confirmed at the beginning of August 2020 that TfSE had successfully secured £1.225m of grant funding for 2020/21. This is incredibly welcome news and will enable TfSE to progress with the planned technical work programme at an accelerated rate. It takes the total amount of DfT investment to £2.825m over a four-year financial year period.

2.2 As the grant funding was not announced until August 2020 TfSE had previously been working on the assumption of a zero DfT grant allocation, although the Board had considered a number of budget scenarios up to £1m DfT grant. As the grant allocation was higher than the scenarios anticipated, it has been necessary to develop a revised budget profile (Appendix 1).

2.3 The DfT grant is conditional and the funding can only be used for activities relating to the technical programme, although the conditions do enable the recruitment of some fixed term staff to

support the delivery of the technical programme. The grant conditions are clear that the grant cannot be used for any lobbying activity.

2.4 The revised budget sets out the proposed technical programme to the end of March 2021. This includes elements of work that were already underway through previous grant allocations (i.e. completion of the Transport Strategy, the outer orbital area study and the future mobility strategy). Additional work that will be completed through the new grant allocation includes two additional area studies, the freight and logistics strategy and a number of smaller technical studies to support the delivery of the strategic investment plan. The funding for the remaining two area studies would need to come from a subsequent funding allocation for 2021/22. It is proposed that a small contingency is included in the budget to cover the need for additional technical work that arises in the next six months, as previous experience has demonstrated that the technical programme needs to evolve to consider wider factors (e.g. Covid-19 and carbon assessment work).

2.5 The grant also makes provision for the appointment of two fixed term staff to support the delivery of the technical programme. Recruitment is underway for a Strategy Manager and a Support Officer for a period of two years. These posts will be funded entirely through the DfT grant settlement.

2.6 The budget also makes provision for operational costs and communications and engagement activities, including events, website development and stakeholder management tools. A proportion of funding is allocated for additional work associated with the ongoing development of the bid for statutory status. This will be used to develop the TfSE operational model and governance structures, which will need consideration even if TfSE does not secure statutory status at this time.

3 Q2 Budget Update

3.1 Appendix 2 sets out the spend position to the end of September 2020. To date, spend has been focused on staffing costs and the technical programme.

3.2 The technical programme costs, which amount to just over £210,000, have included the final work on the transport strategy, initial work on the future mobility strategy and the Outer Orbital Area Study and the additional work on the SEELUM model (including the carbon assessment work stream).

3.3 We are currently forecasting that a total of £704,000 will be spent from the technical programme by the end of March 2021. However, it is important to note that a number of significant workstreams, including the area studies and freight strategy, will continue into 2021/22 and therefore the funding that will be carried forward is already committed to activities.

3.4 Staffing costs are forecast to be slightly higher than anticipated, which reflects the inflationary pay rise applied to all staff. The costs associated with the additional two members of staff (DfT funded) will be confirmed following the recruitment process. The amount budgeted for these staff is to cover the full two-year costs associated with the two posts and therefore the underspend from this financial year will need to be carried forward and ringfenced to cover their costs until the end of January 2023.

4 Comprehensive Spending Review 2020

4.1 The Government has announced that a three-year revenue spending review will take place later this year and will come into effect from 2021/22, although this may be subject to change due to the ongoing Covid-19 situation. The deadline for call for submissions to HMT was 24 September 2020 and TfSE submitted a bid to the Treasury, copied to ministers from the DfT and MHCLG.

4.2 DfT has also made a submission to HMT setting out their departmental priorities, including a view on future funding for STBs. TfSE has shared its proposals with officials from the DfT to ensure that the approach aligns with the Department's.

4.3 TfSE's submission to the Treasury sets out the funding that we are seeking to support our core operational costs beyond those covered by the constituent authority contributions, as well as funding to deliver and implement the technical programme. Appendix 3 provides a copy of the TfSE submission.

4.4 The document makes a strong case for investment in TfSE. It sets out how departmental funding has been used to help TfSE deliver against its technical programme, including delivering the Transport Strategy and setting out priority schemes for MRN and RIS. It also outlines how multi-year funding is crucial to support the ongoing delivery of the Strategic Investment Programme and its implementation and the value that this will add to the work of the Government.

4.5 The core element of the bid will support TfSE's operational costs, including some increased staff funding, increased levels of communication and engagement activity and back office costs. The proposal includes an assumption that local contributions will continue to fund the current staffing costs as it is anticipated that this will be a requirement for any future grant funding through the DfT. Core costs increase slightly each year to take account of inflation.

5 Conclusions and Recommendations

5.1 The Shadow Partnership Board are recommended to agree the revised budget proposal which incorporates the £1.225m received as grant funding from DfT. The Board are also asked to note the financial position to the end of September 2020/21 and the end of year projections.

5.2 Members are asked to note the Comprehensive Spending Review submission.

RUPERT CLUBB

Lead Officer

Transport for the South East

Appendix 1: TfSE Budget 2020/21

INCOME	
Local Contributions*	£382,000
DfT Grant	£1,225,000
Reserves	£263,887
Carry forward	£226,399
Committed funding	£557,725
TOTAL INCOME	£2,655,011
EXPENDITURE	
Staffing	
Core Policy Team	£530,000
Additional team resource	£240,000
Technical Programme	
Transport Strategy	£53,000
Covid-19 Scenarios	£30,000
SEELUM	£20,000
Carbon Assessment	£50,000
Area Studies - Tranche 1 (1 study)	£350,000
Area Studies - Tranche 2 (2 studies)	£700,000
Future Mobility Strategy	£110,000
Freight scoping work	£23,175
Freight and Logistics Strategy	£125,000
Data & Modelling development	£15,000
SIP Brief	£15,000
Project view	£12,000
Other strategy costs	£40,000
Sub national Transport Body Proposal	£40,000
Operational Expenses	£15,000
Communications/ Engagement	
Events	£20,000
Advertising and publicity	£10,000
Website	£5,000
Stakeholder Database	£6,000
Media Subscriptions	£2,500
Reserves	£243,336
TOTAL EXPENDITURE	£2,655,011

**Please note: Two LAs paid in previous year hence local contribution total above differs from summary table in point 7 of report*