

BERKSHIRE LOCAL TRANSPORT BODY (BLTB)

REPORT TO: BLTB

DATE: 16 November 2017

CONTACT OFFICER: Roger Parkin, Chief Executive Slough Borough Council,
lead Chief Executive to the BLTB

PART I

Item 9: Transport for the South East – Subscription Report

Purpose of Report

1. At your meeting in July 2017, a report on the progress towards constituting Transport for the South East indicated that there would be a subscription request in due course.
2. This report seeks agreement to a BLTB subscription of £20,000 for 2017/18 and £58,000 for 2018/19, both amounts to be split 6 ways between the constituent authorities.

Recommendation

3. You are recommended to
 - 3.1. Note the budgets set for 2017/18 and 2018/19
 - 3.2. Note the method of apportionment between the 16 authorities in TfSE
 - 3.3. Agree the request for £20,000 in 2017/18 and £58,000 in 2018/19 from BLTB
 - 3.4. Agree to collect the subscription by equal shares between the 6 constituent authorities of BLTB

Other Implications

Financial

4. At its meeting on 29 September 2017, the shadow TfSE Board agreed the following budgets:

2017/18 Budget

Income	
Standing Balance	£80,000
Local Transport Authority contributions	£200,000
Total Income	£280,000
Confirmed Expenditure	
Room Hire, etc	£1,819
Facilitator costs	£3,500
Strategy Route map	£15,000

Total	£20,319
Expected Expenditure	
Room Hire	£6,000
Transport Forum - expenses	£5,000
Economic Narrative	£100,000
Events / Communications	£25,000
Total	£136,000
Balance	£123,681

2018/19 Budget

Estimated Expenditure	
Communications Activity	£35,000
Statutory Order Development	£30,000
Strategy Development	£537,000
Room Hire, etc	£10,000
Transport Forum - expenses	£7,000
Total	£619,000
Estimated Income	
Potential carry forward	£123,681
Local Transport Authority contributions	£496,000
Total	£619,681
Balance	£681

5. It further agreed to ask Berkshire Local Transport Body to contribute £20,000 in 2017/18 and £58,000 in 2018/19. Each County Council (having one vote each, the same as BLTB) was asked to contribute the same share. A reduced share (£30,000 for 2018/19) was agreed for each Unitary Council having its own vote.
6. In its role as accountable body for the Berkshire Local Transport Body, Slough BC will collect contributions from BLTB members and pass the subscriptions to East Sussex County Council, the accountable body for TfSE.

Risk Management

7. 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.

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

8. 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.
9. 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.
10. At the March 2017 meeting you agreed that the BLTB should join the new arrangements, as opposed to the six individual unitary authorities, as a 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.
11. Having agreed to join the organisation, it is appropriate to contribute to its costs.

Human Rights Act and Other Legal Implications

12. [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."
The Act goes on to describe further the regulations for a sub-national transport body should be made.
13. 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

14. At the March 2017 meeting of the BLTB, you received a presentation from Mark Valleley of East Sussex County Council, currently working in the programme office of TfSE. Having agreed to join TfSE, you received a progress report at the July 2017 meeting. The meeting will again receive a presentation from Mark Valleley, who will also take questions on the proposed financial arrangements and work programme.
15. Attached at Appendix 1 of this report is the budget report that was considered by the TfSE Shadow Board on 29 September 2017.
16. You will note that the report anticipated a sizeable financial contribution from the DfT. The meeting was informed that this was very unlikely to be forthcoming in 2018/19.

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

Conclusion

17. The Shadow Board for 'Transport for the South East' is now established and a programme of activity has been set out with aim of converting to properly designated sub-national transport body during 2019.

Background Papers

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

Appendix 1

To: **Transport for the South East - Shadow Partnership Board**

Date: **29 September 2017**

Title of report: **Transport for the South East Budget and Resources**

Purpose of report: **To set out the proposed budget for Transport for the South East in 2018/19 and the level of contribution from the relevant authorities**

Recommendations:

The Shadow Partnership Board is recommended to:

- i) agree the tiered approach for contributions from the Constituent Authorities; and
 - ii) agree the current budget position for 2017/18 set out in Appendix A and draft budget proposals for 2018/19 set out in Appendix B.
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1. Introduction

- 1.1 Transport for the South East (TfSE) will require a budget to support operational costs, including staff, strategy development and communications activity.
- 1.2 This paper sets out the current budget situation and a budget proposal for 2017/18 and 2018/19, including the likely level of contribution from the relevant authorities. It is proposed that a more detailed three year business plan is submitted to the Board for consideration in December 2017.

2. Current Budget Position

- 2.1 Each of the Local Transport Authorities, as the relevant authorities, have been asked to make a contribution to the initial set up of TfSE. The contribution for each voting member was agreed at £20,000, which would be split between the relevant authorities where the vote is shared (for example, Portsmouth and Southampton; and the six Berkshire unitaries).
- 2.2 To date, initial £20,000 contributions have been received from nine Local Transport Authorities. A contribution has not yet been collected from the Berkshire Local Transport Body (BLTB) as they were invited to join TfSE after the SE7 Authorities had agreed to make an initial contribution of £20,000. The current budget position for 2017/18 and proposal 2018/19 are set out in this paper showing the current and forecast expenditure against these contributions. A request for the initial £20,000 contribution from BLTB will be sent once the Shadow Partnership Board agrees the current and forecast budget position set out in Annex A.
- 2.3 The 2017/18 budget has supported the running costs of TfSE, which have mainly related to room hire charges for Senior Officer Group and Shadow Partnership Board meetings, facilitator costs for workshops and the recently commissioned Transport Strategy “route map”. Anticipated costs for the

remainder of the financial year relate to the development of the Economic Connectivity Review for the Transport Strategy, communications activity and day to day running costs.

- 2.4 There have not been any staff costs associated with TfSE for 2017/18. Support has been provided “in kind” through East Sussex County Council and Surrey County Council, with additional support from officer groups for Transport Strategy, Communications and Governance. However, as TfSE becomes more established it will require dedicated officer support.
- 2.5 The current budget position is summarised in Annex A.

3. Draft Budget for 2018/19

- 3.1 Given the early stage of TfSE, it is difficult to calculate a full operational budget for 2018/19. However, given the budget setting timescales for the relevant authorities, we need to give an indication of the likely level of contribution needed for 2018/19 so that it can be built into budgets at an early stage.
- 3.2 Some likely costs for the operation of TfSE have been estimated, including the staffing costs, strategy development and communications activity. These are set out in Annex B. These figures give a high level indication of likely spend, but will be firmed up through discussions with key partners over the next few months. The intention is to have a three year business plan, including a firm budget proposal and proposed staff structure, for the TfSE Shadow Partnership Board in December 2017.

Staffing assumptions

- 3.3 The staffing assumptions for TfSE have been based upon research from other sub-national partnership bodies. Research has shown that Transport for the North has a sizable staff structure (around fifty officers) covering various different roles and responsibilities, whereas Midlands Connect has used consultancy support to provide its considerable officer support. England’s Economic Heartlands has a smaller, but still substantial officer structure (around 7 FTEs) covering key issues, such as communications, project management, digital connectivity and rail.
- 3.4 It is envisaged that a number of roles are needed for TfSE to take forward the work streams. It is not proposed to develop a large secretariat function. It is proposed that TfSE has approximately 6 FTEs. This will include a senior officer role, along with dedicated posts for programme management, strategy development and communications. Further posts will cover key topics including technology (such as smart ticketing) and rail/roads. A staffing paper with a proposed structure will be presented at the next Shadow Partnership Board meeting.

Strategy Development, Communications and Drafting the Order

- 3.5 The other costs outlined in the proposed budget include:
- Communications – TfSE will be required to undertake a number of consultation exercises on the development of the Transport Strategy and

the Draft Order. The proposed consultation costs will cover this activity, including any related events;

- Development of the Draft Order – discussions with other STBs have highlighted that external legal advice is valuable during the drafting of the Order;
- Transport Strategy – the estimated costs for the development of the Transport Strategy will be developed in more detail following the completion of the Roadmap. The costs could include the development of work associated with the impact of digital technology, commissioning further research into the freight sector, etc.

4. Contributions from Local Authorities

- 4.1 The budget proposal for 2018/19 includes contributions from the relevant Authorities named in the legislation. This means that the total contribution to TfSE will be split between 10 voting seats.
- 4.2 The estimated costs have been used to calculate a potential overall budget, which can then be used to calculate the potential costs for the relevant Authorities. Under the draft budget proposals set out in Appendix B the relevant Authorities will provide collective funding of £496,000.
- 4.3 It is proposed that a tiered approach to contributions is adopted for 2018/19:
- County Councils will contribute £58,000 each;
 - Authorities with shared votes (i.e. Berkshire Local Transport Body and Southampton & Portsmouth) will contribute £58,000 per vote;
 - Unitary authorities (where the vote is not shared) will contribute £30,000.
- 4.4 It is not proposed at this point to seek formal contributions from the LEPs, although we are keen to discuss with the LEPs how we can access in-kind and financial support for discrete work packages, such as events and specific studies to support the delivery of the Transport Strategy. The overall approach to contributions will be revisited when the three-year business plan is presented to the Shadow Partnership Board in December 2017.

5. DfT Funding

- 5.1 Based upon discussions with other emerging STBs, we expect to negotiate with Department for Transport (DfT) for funding to support the development of the Transport Strategy. We have made a working assumption that funding to support the development of the Transport Strategy may initially be forthcoming.
- 5.2 The initial discussions with DfT are planned for September 2017. The successful operation of TfSE is dependent upon support from DfT and we will need to make a business case to secure investment. Planned meetings with Rt Hon Chris Grayling MP, Secretary of State for Transport, will also be used to make the case for initial investment in TfSE, with a view to developing a three- year business plan for submission to DfT to secure long-term funding.

- 5.3 It is recognised that the draft budget includes a substantial risk with the assumption of funding from DfT. In the event that TfSE was unable to secure DfT match funding, it is proposed that the staff budget would be reduced and there would be an increased reliance on in-kind support from partner organisations. The timescale for the development of the Transport Strategy would be increased and the scope would be reduced. This will be informed by the current work on the Transport Strategy Route Map.
- 5.4 An oral update on the discussions with DfT will be provided at the Shadow Partnership Board meeting.

[NB It was reported to the meeting that the DfT had indicated that it was very unlikely that a revenue contribution would be forthcoming. A revised version of Annexes A and B was tabled reflecting this changed assumption. The amended Annexes are attached to this report.]

Rupert Clubb
Director of Communities, Economy and Transport
East Sussex County Council

Updated Budget position to reflect ongoing discussions with DfT

Annex A: Current Position 2017/18 Budget

Income	
Standing Balance	£80,000
LTA contributions	£200,000
Total Income	£280,000
Confirmed Expenditure	
Room Hire, etc	£1,819
Facilitator costs	£3,500
Strategy Route map	£15,000
Total	£20,319
Expected Expenditure	
Room Hire	£6,000
Transport Forum - expenses	£5,000
Economic Narrative	£100,000
Events / Communications	£25,000
Total	£136,000
Balance	£123,681

(N.B. Staff recruitment costs for 2017/18 removed)

Annex B: Draft Budget proposal for 2018/2019

Option A – Assumes DfT contribution

Estimated Expenditure	
Staff costs (including on-costs)	£430,000
Communications Activity	£75,000
Statutory Order Development	£75,000
Strategy Development	£1,000,000
Room Hire, etc	£15,000
Transport Forum - expenses	£7,000
Total	£1,602,000
Estimated Income	
Potential carry forward	£123,681
LTA Contributions	£496,000
DfT Contribution	£1,000,000
Total	£1,619,681
Balance	£17,681

This approach would enable the commissioning of the Transport Strategy by the end of 2018/19. It would also ensure that a staffing structure would be fully operational.

Option B – Assumes no contribution from DfT

Estimated Expenditure	
Communications Activity	£35,000
Statutory Order Development	£30,000
Strategy Development	£537,000
Room Hire, etc	£10,000
Transport Forum - expenses	£7,000
Total	£619,000
Estimated Income	
Potential carry forward	£123,681
LTA Contributions	£496,000
Total	£619,681
Balance	£681

This approach would enable TfSE to progress with the Transport Strategy, but timescales would be extended. It is proposed that the two thematic studies on the role of technology and the freight and logistics sector would be completed and that work could start on a limited number of the area/corridor studies as well as on initial elements of the main strategy coordination and development work package. Additional area / corridor studies and the work on the bulk of the strategy coordination and development would need to be delayed until 2019/2020. Recruitment of staff resources would not be undertaken under this approach, which may have a further impact on ability to deliver within proposed timescales.