

## **Report to the Transport for South Hampshire Joint Committee**

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**Subject:** Budget Monitoring 2010/11 and Provisional 2011/12 revenue and capital budgets

### **Purpose of the Report**

The purpose of this report is to update the Transport for South Hampshire (TfSH) Joint Committee with the latest revenue and capital position for 2010/11; agree the carry forward of revenue under-spends to 2011/12, and to propose a revenue and capital budget for 2011/12. This report also sets out a proposed workplan for 2011/12.

### **Recommendations**

1. That the Joint Committee notes the latest 2010/11 forecast outturn for revenue and capital budgets.
2. That the Joint Committee agrees the latest 2010/11 revenue and capital budget allocations, based on the forecast outturn and including an extra £10,000 for Eastern Access to Southampton and £15,000 towards Southampton Port Masterplan;
3. That the Joint Committee approves the carry forward of under-spends (£535,000) from the 2010/11 revenue contingency to help support the 2011/12 budget strategy.
4. That the Joint Committee approves the 2011/12 revenue and capital budget.
5. That the Joint Committee approves the 2011/12 TfSH workplan.
6. That the Joint Committee agrees to officers developing a 2011-2013 TfSH Business Plan.
7. That the Joint Committee agrees to a refresh of the TfSH vision and objectives to reflect changing circumstances.

### **Introduction**

1. This report summarises the latest revenue and capital position for 2010/11, and updates the committee of any significant activity since the last meeting in January. Figures shown reflect input from budget

holders arising from a budget monitoring exercise carried out during February 2011.

2. The report also asks the Joint Committee to approve the proposed 2011/12 TfSH revenue and capital budgets and associated 2010/11 workplan.
3. In addition, the current TfSH Business Plan (2009-11) will end in May and a new Plan is therefore required to replace it.

### **Funding 2010/11**

4. Table 1, below, shows the latest TfSH revenue and capital funding forecast for 2011/12.
5. The summary includes a reduced revenue contribution (£5,000) from Havant Borough Council for a cross-borough bus study, and reduction in capital funds of £30,000 from PUSH for work at Tipner. This allocation will be carried forward and made available in 2011/12.

**Table 1: Revenue Funding 2010/11**

| <b>Revenue Funding 2010/11</b> | <b>Revised Budget Jan 11 £'000</b> | <b>Revised Budget Mar 11 £'000</b> | <b>Received to date (28/2/11) £'000</b> |
|--------------------------------|------------------------------------|------------------------------------|---|
|                                |                                    |                                    |   |
| Balance from previous year     | 563                                | 563                                | 563                                     |
| Core partner contribution      | 825                                | 825                                | 680                                     |
| PUSH New Growth Point          | 250                                | 250                                | 99                                      |
| SEEPB                          | 16                                 | 16                                 | 16                                      |
| External Funding               | 43                                 | 38                                 | 38                                      |
| Interest on balances           | 2                                  | 2                                  | 0                                       |
| <b>Total Revenue Funding</b>   | <b>1,699</b>                       | <b>1,694</b>                       | <b>1,396</b>                            |
|                                |                                    |                                    |   |
| <b>Capital Funding 2010/11</b> |                                    |                                    |   |
| PUSH New Growth Point          | 624                                | 594                                | 167                                     |
| <b>Total Capital Funding</b>   | <b>624</b>                         | <b>594</b>                         | <b>167</b>                              |

### **Revenue Budget 2010/11**

6. Table 2, below, shows the latest revenue budget and outturn position for 2010/11. The budget of £1,694,000 is £5,000 lower than previously reported due to a revised contribution from Havant Borough Council relating to the cross-borough bus study.

**Table 2: Revenue budget and outturn position**

| <b>Budget Heading</b>                | <b>Revised Budget<br/>Jan 11<br/>£'000</b> | <b>Assessed Spend<br/>£'000</b> | <b>Forecast<br/>Outturn<br/>Mar 11<br/>£'000</b> |
|--------------------------------------|--|---------------------------------|--|
| Wider BRT & Access Studies           | 135  | 135                             | 135  |
| Sub-regional Analysis and Assessment | 346  | 314                             | 314  |
| Model calibration and validation     | 491  | 162                             | 170  |
| Model Forecasting                    | 63   | 0                               | 63   |
| Sub-regional Smartcards              | 50   | 50                              | 50   |
| PR and Communications                | 4  | 4                               | 4  |
| Access to Southampton                | 80   | 80                              | 90   |
| Staff / Finance / Audit etc          | 315  | 182                             | 265  |
| SDA – M27 & parallel studies         | 48   | 48                              | 48   |
| Havant bus study                     | 5  | 0                               | 5  |
| Southampton City Centre Masterplan   | 0  | 0                               | 15   |
| Contingency to c/f                   | 157  | 0                               | 535  |
| <b>Total</b>                         | <b>1,694</b>                               | <b>975</b>                      | <b>1,694</b>                                     |

7. The main variations to the latest budget identified above relate to lower staffing and support costs and assumed lower expenditure (£353,000) on developing the evidence base (*Sub-regional Analysis and Assessment and Model Calibration and Validation*). This under-spend has resulted from project slippage resulting from unexpected difficulties in collecting data, and a lengthy model calibration and validation process. Whilst much of the work relating to these budgets has been undertaken, the consultant has been unable to invoice as payment triggers in the Contract have been delayed by the afore mentioned issues. This work is expected to be invoiced early in the 2011/12 financial year. It should be noted that quality, as opposed to time, has been the key driver of this project in accordance with the advice of the TfSH Evidence Base Steering Group. Any future scenario testing undertaken by the model will be funded from the 2011/12 revenue budget.
8. In addition to the above, the Joint Committee is asked to agree to an additional allocation of £10,000 for work on Eastern Access to Southampton to match higher than expected costs, and to agree to help fund a transport element of the Southampton Port Masterplan (£15,000 contribution), as the significant development associated with Southampton City Centre will have wider strategic implications.
9. Overall, the above variations will allow a carry forward of £535,000 to support the 2011/12 budget.

## Capital Budget 2010/11

10. Table 3, below sets out the revised capital budget of £594,000 which is £30,000 lower than previously reported at January's Joint Committee meeting. This relates to lower PUSH grant relating to work at Tipner. PUSH have agreed to carry forward this underspending to 2011/12.

**Table 3: Revised 2010/11 capital budget**

| Budget                   | Lead Authority | Revised Budget Jan 11<br>£'000 | Revised Budget March 11<br>£'000 | Assessed spend<br>£'000 | Forecast Outturn<br>£'000 |
|--------------------------|----------------|--------------------------------|----------------------------------|-------------------------|---------------------------|
| M27 Junction 5 (Phase 1) | HCC            | 167                            | 167                              | 167                     | 167                       |
| Tipner                   | PCC            | 457                            | 427                              | 250                     | 427                       |
| <b>Total</b>             |                | <b>624</b>                     | <b>594</b>                       | <b>417</b>              | <b>594</b>                |

## Proposed Funding 2011/12

11. Table 4, below shows the current funding estimates for 2011/12. It is assumed that local authority contributions will be Hampshire County Council (£100,000), Southampton City Council (£50,000), Portsmouth City Council (£50,000). In addition, any under-spending from 2010/11 (currently estimated to be £435,000) will be used to help fund the 2011/12 budget strategy.
12. A capital budget of £530,000 is proposed. This relates to £500,000 for work developing the evidence base and a carry forward of £30,000 for work on Tipner.

**Table 4: Current funding estimates for 2011/12**

| Funding 2011/12              | Budget 2011/12<br>£'000 |
|------------------------------|-------------------------|
| <b>Revenue Funding</b>       |                         |
| Balance brought forward      | 535                     |
| Partner contributions        | 200                     |
| <b>Total Revenue funding</b> | <b>735</b>              |
| <b>Capital Funding</b>       |                         |
| PUSH grant                   | 530                     |
| <b>Total Capital funding</b> | <b>530</b>              |

## 2011/12 TfSH Budget

13. Table 5, below shows the proposed 2011/12 TfSH revenue and capital budget for consideration by the Joint Committee.

**Table 5: Proposed 2011/12 TfSH Revenue and Capital Budget**

| <b>Budget Heading</b>  | <b>Budget<br/>2011/12<br/>£'000</b> |
|--|-------------------------------------|
| <b>Revenue Budget</b>  |                                     |
| Staff/Finance/Audit etc  | 165                                 |
| Scenario Testing   | 390                                 |
| Public Transport Strategy  | 50                                  |
| Shared Services  | 20                                  |
| LSTF Bid   | 75                                  |
| Private Sector Engagement  | 35                                  |
| <b>Total Revenue Budget</b>  | <b>735</b>                          |
|  |                                     |
| <b>Capital Budget</b>  |                                     |
| Evidence base modelling and scenario testing to support sub-regional growth using cities first prioritisation. | 500                                 |
| Tipner   | 30                                  |
| <b>Total Capital Budget</b>  | <b>530</b>                          |

## Proposed TfSH 2011/12 Workplan

14. Table 5, above, identifies the proposed budgeted work areas for 2011/12. These work areas will be coordinated by a slimmed-down TfSH team, as a result of retirement, departure and a reduced staff budget. In consideration of the changes in team composition TfSH will need to work more effectively as a commissioning body, drawing on the skills and expertise contained with the three constituent authorities to drive forward projects. However, a number of workstreams will be driven forward directly by the TfSH team.
15. To reflect the resourcing requirements of the 2011/12 workplan (below), the revised TfSH team is proposed to consist of three Full Time Equivalent employees which will be comprised of the following:
- TfSH Project Coordinator
  - TfSH Transport Planner
  - TfSH Assistant Transport Planner
- The TfSH Project Coordinator will provide the focal point and will lead the team.
16. The Public Transport Strategy has yet to be scoped. However, South Hampshire does not benefit from a public transport strategy and it is considered that one is required to define aspirations for a consistent

and integrated public transport system covering the area. This will need to be developed in association with South Hampshire Bus Operators Association (SHBOA), the Train Operating Companies and Network Rail. BRT phase 1 is programmed to be delivered within 2011/12 and how this significant investment fits into the existing bus network as well as how a wider BRT should develop will be set out in the strategy. The strategy development will benefit from the availability of the TfSH Sub-Regional Transport Model (SRTM) with interventions identified in the Long Term Strategic Implementation Programme (see paragraph 21).

17. Opportunities for realising efficiencies and better outcomes for the residents of South Hampshire will be explored through a Shared Services workstream.
18. The Joint Committee has previously approved the development of a Large Project Package bid to the Local Sustainable Transport Fund (LSTF). This work has commenced and is progressing well. An initial proposal is required to be submitted by 6 June 2011. If this is shortlisted for progression by the Department for Transport (DfT), a significant piece of work to develop a Major Scheme Business Case by 20 December 2011 will progress.
19. Whilst TfSH has recognised the importance of engaging with the private sector since its inception in 2007, it is clear that there is a need to improve this engagement to enable TfSH to better understand and better respond to the needs of business. With the emergence of Local Enterprise Partnerships (LEPs) and an expectation of central government that transport policies and programmes reflect economic priorities and identify opportunities to lever in private sector funding, the need to meaningfully work with the private sector is more important than ever.
20. As identified in paragraph 7. the development of the Sub-Regional Transport Model (SRTM) being developed through the TfSH Evidence Base Contract has experienced slippage. However, the SRTM will be delivered in April, which will trigger the associated payments. The delivery of the SRTM will represent the completion of workstream one of the Contract.
21. Workstream two of the Contract will develop a Long Term Strategic Implementation Programme (LTSIP), setting out the strategic transport priorities for the South Hampshire area to 2026. The interventions will be identified by, and respond to, current and future transport problems, with the latter reflecting the implications of planned growth. The LTSIP will be evidenced, tested and appraised by the SRTM, making the LTSIP a robust document enabling TfSH to make a compelling case for investment in South Hampshire. The LTSIP will be used to frame the TfSH Large Project Package bid to the Local Sustainable Transport Fund.

22. The Major Scheme Business Case submission for Tipner has progressed from the DfT's Major Scheme Pre-Qualification Pool to the Development Pool. This is excellent news for TfSH and Portsmouth City Council, in particular. The budget allocation recognises the strategic importance of the development and the desire of TfSH to support proposals for Tipner.

### **TfSH 2011-13 Business Plan Development**

23. The current TfSH Business Plan (2009-11) runs until May. Whilst it would have been preferable to propose a Business Plan for 2011-13 to this Joint Committee, there are a number of reasons why officers have not been in a position to do so.
24. As identified in paragraph 14., the structure of the TfSH team will be slimmed-down and the exact composition of personnel is necessarily caught up by the internal restructuring process that is ongoing within the Highways & Transport service area of Hampshire County Council. In addition there has also been uncertainty over the future role of the Isle of Wight within the architecture of TfSH.
25. The composition of the full board of the Solent LEP is currently being defined. With TfSH identified by the LEP (and accepted by this Joint Committee) as its transport arm, there will be a need to reflect the priorities of the LEP within a future Business Plan. Another factor that will help define priorities moving forward will be the identification of current and future transport problems by the SRTM. This output is expected to be available in May and will be used to develop the Business Plan.
26. In consideration of the above issues, it is recommended that officers develop a 2011-13 Business Plan for approval by the Joint Committee in June.
27. It is also recommended that the current TfSH *vision* and *objectives* (as set out in appendix 1) are refreshed to ensure that these remain relevant and reflective of local and national policy and funding drivers. This refresh will need to reflect the LTP3 Joint South Hampshire Strategy and the relationship of TfSH with PUSH and the Solent LEP.

### **Conclusion**

28. The latest budget monitoring position has identified an underspending on the revenue budget of £535,000, mainly relating to lower forecast expenditure on developing the evidence base. This report asks the Joint Committee to approve the carry forward of the revenue underspending to 2011/12.
29. The revised capital budget is on target this financial year.

30. Subject to funding decisions by partners, a 2011/12 revenue and capital budget for TfSH is proposed for Joint Committee approval.
31. The workplan for 2011/12 reflects the proposed budget and the future composition of the TfSH team. The workplan is recommended for Joint Committee approval.
32. The ability of officers to develop a 2011-13 Business Plan has been constrained by a number of issues. It is proposed for Joint Committee approval that officers develop a Business Plan and refresh the TfSH vision and objectives for presentation to the next Joint Committee.

Section 100 D - Local Government Act 1972 - background papers

**The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.**

NB the list excludes:

1. Published works.
2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE

LOCATION

None

## Appendix 1: TfSH Vision and Objectives

### **The TfSH website identifies the TfSH Vision as:**

“The overall vision of TfSH is to create a transport system for the sub-region that:

- can cope with current and future transport requirements
- will not have a detrimental affect on the area’s environment
- will improve its residents’ quality of life.”

### **The TfSH website identifies three key objectives:**

- reduce,
- manage, and
- invest.

### **The 2008 TfSH Delivery Statement “Towards Delivery” identifies the TfSH Vision as:**

“The TfSH vision is to address the transport challenges in meeting the planned economic growth whilst maintaining the high quality of life for all in a way that is sustainable in the long term – improved economic prosperity without harm to the environment.”

### **The 2008 TfSH Delivery Statement “Towards Delivery” identifies the TfSH Objectives as:**

“TfSH’s key objectives include:

- The development and delivery of sub-regional transport policies, interventions and systems;
- Support for the economic competitiveness of the South Hampshire sub-region;
- Meeting the sub-region’s future transport needs in the most sustainable way;
- Supporting a good quality of life both now and in the future;
- Pursuing and securing funding for scheme delivery; and
- Providing strategic transport advice to PUSH.”