

Title of meeting: Solent Transport Joint Committee

Date of meeting: 6th March 2023

Subject: Solent Future Transport Zone Programme extension

Report by: Tim Forrester - FTZ Programme Manager

Wards affected: N/A

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. To detail the proposal for requesting an extension to the FTZ programme of an additional year to June 2025.

2. Recommendations

- 2.1. To approve a one-year extension to the FTZ programme to 30 June 2025.
- 2.2. To accept and approve the proposed funding reprofile to accommodate the one-year programme extension.

3. Background

- 3.1. Solent Transport received £28.759M of funding for the Solent Future Transport Zone (FTZ) programme from Department for Transport (DfT) in March 2020, shortly before the country went into lockdown for the Covid-19 pandemic.
- 3.2. Solent Transport has made strong progress towards the delivery of its FTZ objectives and considers itself to be one of the leading FTZ programmes.
- 3.3. Solent was the first of the FTZs to reassess its delivery programme in light of the pandemic and its likely effects, it has still made positive advancement against its goals:
 - setting five new UK aviation firsts,
 - launching, and operating three rental e-scooter scheme trials,
 - developing and launching the UK's first multicity Mobility as a Service (MaaS) app and
 - launch of Solent-wide bike and e-bike hire scheme.

- 3.4. Strong progress has also been made on all other projects within the programme; all of which are scheduled to launch within the next six months.
- 3.5. Solent Future Transport Zone is seen by DfT as delivering against its objectives.

Challenges:

- 3.6. The FTZ programme has however, faced considerable challenges:
 - External issues such as the COVID19 pandemic,
 - the UK leaving the EU and the war in Ukraine have all had direct and indirect effects on programme delivery,
 - the MaaS delivery has also been affected by changes in the rail industry brought on by the creation of Great British Railways:
 - difficulty in recruiting means the team has never actually reached its full staff allocation
- 3.7. The knock-on effects of these issues on other organisations has limited the ability of third-party organisations, partners, and suppliers to effectively work with us in a timely manner
- 3.8. Uncertainty at national and regional government levels has impacted timely decision making and significantly reduced risk appetite.
- 3.9. Despite these risks overall the programme will still deliver within the original timescales, however the amount of operational testing time that remains available to prove the value and business case of these projects will be much more limited. This may in-turn limit the research value of some of the programme deliverables.

Proposal:

- 3.10. Solent Transport continues to make every effort to create a legacy from FTZ, but the June 2024 timescale would significantly limit the ability for projects to become self-sustainable or establish sufficiently compelling business cases to attract additional income from other sources.
- 3.11. In August 2022 Solent Transport submitted a draft proposal to DfT to explore the idea of securing an extension to the programme timescales (no additional funding was requested as it was made very clear by the DfT that none was available).
- 3.12. In Oct 2022 the DfT wrote to Solent Transport (see Appendix A) to approve the years extension to the current programme (subject to approval through the FTZ governance structure) on the basis that it could be delivered in line with the original budget allocation.

- 3.13. A comprehensive financial reprofiling exercise has subsequently been undertaken to recognise and enable the extension of the programme for an additional year.

Funding allocation reprofile to accommodate a one-year extension:

- 3.14. The below table provides a high-level summary of the financial reprofile proposal undertaken to take account of an additional year of programme delivery.

Actual & forecast spend values per financial year for programme duration	Current approved spend profile (to June 2024)	Proposed spend profile to accommodate one year extension (to June 2025)
Yr1 2020/21 (<i>actual</i>)	£787,510	£863,510
Yr2 2021/22 (<i>actual</i>)	£5,019,888	£5,027,738
Yr3 2022/23	£9,664,280	£6,026,515
Yr4 2023/24	£11,474,897	£10,815,892
Yr5 2024/25	£1,813,475*	£5,399,521
Yr6 2025/26	N/A	£625,823*
TOTALS	£28,759,000	£28,759,000

* April – June (3months) only

- 3.15. The overall spend profile totals for each of the two scenarios are the same given that no new funding is available from DfT for the extension period and the additional years extension will be completely funded from the original DfT £28.759M FTZ grant allocation received.

- 3.16. The rationale and justification for the proposed 12 month extension to the FTZ programme, together with the associated financial reprofile was submitted to and approved by Solent Transport's Senior Management Board on 26th Jan 2023.

4. Reasons for recommendations

- 4.1. To approve the continuation of the FTZ programme for an additional 12 months (from current end June 2024 to end June 2025).
- 4.2. To accept the revised spend profile developed to account for the extension of the programme to June 2025.
- 4.3. Given the constraints faced in the early part of programme delivery the requested extension of an additional year to the programme will provide

additional time and scope for the programme to meet its objectives, specifically in relation to:

- Delivery of comprehensive Monitoring & Evaluation strategy.
- Greater opportunities for enabling projects and products developed to become self-sustainable beyond the FTZ funding period.
- Further scope to explore and exploit the commercialisation of projects and products developed (Breeze, DDRT, Drones etc) by the programme
- Recruitment and retention of FTZ programme staff

5. Integrated impact assessment

5.1. No new or revised Policies or Procedures directly affecting the public will be introduced as a result of the recommendations in this report.

6. Legal implications

6.1. N/A

7. Financial comments

7.1. A detailed financial reprofiling exercise has been undertaken, reviewed and approved by SCC as the financially responsible authority for the FTZ programme.

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Signed by:

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Solent FTZ extension letter (DfT approval)	Appendix A

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by:

Appendix A: Solent FTZ extension DfT approval letter



**Department
for Transport**

MICHAEL DNES
HEAD OF FUTURE ROADS TECHNOLOGY
DEPARTMENT FOR TRANSPORT

DIRECT LINE: 07342 076160

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14 October 2022

Dear Conrad,

When we met last month as part of the quarterly update on the Solent Future Transport Zone, you asked that we confirm what we would expect to happen in 2024 when current arrangements come to an end. In particular, you noted that the impact of Covid and wider operational challenges meant that the trial periods of some parts of the programme would still be in progress, with existing budget unspent and meaningful outcomes and results of the trails still to be fully realised. You asked whether there was scope to continue existing arrangements.

In strategic terms, the Department wishes to learn as much as it can from the FTZ programme. It would be counterproductive to end work on an arbitrary date, when it has the capacity to further refine deliverables and potential to deliver further results.

Having consulted with policy and finance colleagues, there is no reason why we cannot extend existing arrangements by a year to the end of June 2025; provided that any additional administrative and monitoring costs in Solent for that year can be borne by existing funding.

Its positive to see the programme delivery this far and look forward to seeing more of the future in the Solent; and wish you best of luck with the ITF delegation later this month.

Yours Sincerely

Michael Dnes