

**Title of meeting:** Solent Transport Joint Committee

**Date of meeting:** 8<sup>th</sup> October 2024

**Subject:** Solent Future Transport Zone, Extension and Reprofile

**Report by:** Tim Forrester - FTZ Programme Manager

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

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### **1. Purpose of report**

- 1.1. To detail the proposal for requesting an extension to the FTZ programme of an additional six months to end Dec 2025.

### **2. Recommendations**

- 2.1. To accept the agreement from DfT (ratified by SMB on 04/09/2024) for a further six-month extension to the FTZ programme to end Dec 2025.
- 2.2. To accept the SMB approved funding reprofile to accommodate the six-month programme extension.

### **3. Background**

- 3.1. Solent Transport received £28.759M of funding for the Solent Future Transport Zone (FTZ) programme from DfT in March 2020.
- 3.2. Solent Future Transport Zone is recognised by DfT as leading the way in delivering against FTZ objectives.
- 3.3. In March 2023 Solent Transport submitted a justification paper to and received approval from Joint Committee for a one-year extension to the FTZ Programme to June 2025.
- 3.4. This request is for a further six-month extension to the programme to end December 2025.
- 3.5. As has been evidenced via the regular reporting undertaken the Solent FTZ has made really strong progress across the delivery of all of the objectives set out within its bid, but like all other FTZ programmes has faced significant challenges throughout that delivery, that could not have been foreseen.
- 3.6. There are two primary points of justification that underpin the proposed request for an extension:
  1. Barriers and constraints experienced

## 2. Opportunities arising

### Barriers and constraints experienced:

- 3.7. The innovative nature of the projects within the programme has impacted the ability to deliver to the level anticipated across some workstream areas; in large part this has been due to the complexities of procuring activity that has never been done before. This has required higher than forecast levels of time and resource on liaison, collaboration and management of stakeholders. Extremely detailed specifications and complex, innovative contracts and work plans have been required to progress this work.
- 3.8. The Solent FTZ programme has already exceeded most of its original objectives as set out in the bid; while also making very strong progress against the set of stretched targets agreed with SMB and the DfT as part of the post-covid review exercise. Almost all of the projects that are being delivered are new to the transport and local government sector and therefore no precedents or road maps are set for the FTZ Team or the support departments (such as procurement and finance) to follow. As a result, very agile approaches are necessary. This has sometimes meant going back to the drawing board to change our approach/es to ensure compliance with government systems or emerging policies/legislation. This has involved reprocurement or revision of contract documentation to reflect changing situation/circumstance/lessons learned and required innovative solutions to stay on-track during project delivery.
- 3.9. Much of this has been unfamiliar and considered high risk by our Partners. Local government financial pressures have resulted in even greater scrutiny of spend, resource provision and objectives which has in-turn lengthened processes and timescales for sign-off of project activity - approvals, procurement, legal, funding release. The risk appetite within the LTAs that we operate on behalf of has dramatically reduced within the past 12 months, which doesn't correlate positively with delivery of innovation and trials-based projects.

### Opportunities arising:

- 3.10. The ethos of the Solent FTZ has been on focused delivery while being ready to explore and exploit opportunities that arise. This has often meant that the scope of our objectives has broadened to allow additional trials, development work, integrations, partnership arrangements/agreements etc. As a result we have managed to collect a much richer source of M&E data, greater lessons learnt feedback, stronger partner collaborations and

a better understanding of how we might improve/deliver lasting sustainability of FTZ projects.

- 3.11. Examples of key projects that would directly benefit from an extension of 6 months:

Project	Description	Core benefit of extension
<b>Breeze</b>	As the most advanced multi-city MaaS platform in the UK we've made very strong progress and have 30,000+ registered users. We've learnt more than any other FTZ about what's worked and what hasn't and we have a robust roadmap for how we want to take Breeze to the next level and deliver true value to the user/customer.	Roadmap includes opportunities to improve current integrations (e.g. rail upgrades, micromobility, car clubs, route planning). Developing and prioritising new functionality (e.g. National Parking Platform, safety features, accessibility, Electric Vehicle charging, advanced disruption info, Account Based Ticketing). Many of these areas are priorities for both regional and national government but justifying further investment, development work and resource will be difficult without additional time to deliver. We are also actively working on business models, structures and governance scenarios that will help set the foundation blocks for how MaaS operates in the longer term.
<b>Mobility Credits</b>	We already have underway, what we believe is the world's largest mobility credits trial operating via a MaaS platform, with circa 800 active participants and some incredible results and extremely valuable feedback.	Opportunity to develop and deliver new 'use cases' for mobility credits schemes to understand the value of specific interventions. Use cases could include - specific demographics, refugees, college/Uni students, residents of new housing developments, travelling to large scale events, disruption mitigation offers.
<b>Micro Logistics Hubs</b>	Two hubs due to be opened in coming months	Extension approval would provide more time to trial their operation to truly bed in and reach an operational norm, gather M&E data and determine models for ongoing sustainability.

<b>Drones</b>	Solent Transport have played a key role in this emerging sector to date, attaining five UK aviation firsts and are currently delivering a drone designed specifically to overcome the challenges and meet the specific needs of the NHS in our area.	The drones sector is emerging, very fast moving and growing rapidly, with greater investment and opportunities for innovation becoming available. An extension would allow Solent Transport to further enhance its reputation and role as a key delivery partner, while also enabling more active delivery of the drones work programme
<b>DDRT</b>	ST awarded the back-office operator contract to Padam in July 2023. The First Phase of this project was launched in Autumn 2023. Phase 1 of the project involved a small-scale trial to test application of DDRT technology and operating principles to two existing Community Transport service providers,	To accommodate the expansion of the FTZ's DDRT scheme, we have provision to invest circa £100,000 to support four community transport operators which are part of Hampshire County Council. The funding will facilitate the integration of 35 vehicles into our project, and these operations will be powered by the Padam back – office system. The ambition is to launch this integration by Oct 2024 on the basis of a 12 month contract.
<b>Micro-mobility</b>	ST has already trialled a multi-operator system; we have the 5th largest e-scooter operation in the UK and more than three million rides undertaken by micromobility modes since the start of our trial. Transition to a sole operator model for micromobility (escooters and ebikes) commenced July 2024 on the basis that a multi-operator model was found not to be viable or self-sustainable for the longer term.	ST will be focused on ensuring delivery of contracted requirements and exploring/exploiting opportunities for sustainable growth of the scheme (e.g. expansion into new areas, new vehicle trials, trialling different pricing mechanisms, behavioural change programmes, private partnerships). Extended period will provide continuity of contract management and support the ambition of a self-sustainable scheme for the area.

- 3.12. Solent Transport have committed to providing a final report in line with current DfT requirements by June 2025. However, the potential extension of the programme to Dec 2025 will provide a greater opportunity to undertake additional M&E on specific projects.

- 3.13. Any extension granted would also provide additional time to understand and potentially take advantage of, any new funding streams, as well as spending plan outcomes following the July elections.

Proposal:

- 3.14. Solent Transport continues to make every effort to create a legacy from FTZ, but the June 2025 timescale would significantly limit the ability for some projects to deliver the outcomes specified, become self-sustainable or establish sufficiently compelling business cases to attract additional income from other sources.
- 3.15. In July 2024 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).
- 3.16. In July 2024 the DfT wrote to Solent Transport (see Appendix A) to approve the additional six-month 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.
- 3.17. A comprehensive financial reprofiling exercise has subsequently been undertaken to recognise and enable the extension of the programme for an additional year.
- 3.18. SMB ratified both the extension request and financial reprofile at 4<sup>th</sup> Sept 2024 meeting.

Funding allocation reprofile to accommodate a six-month extension:

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

Actual & forecast spend values per financial year for programme duration	Current approved spend profile (to June 2025)	Proposed spend profile to accommodate one year extension (to Dec 2025)
Yr1 2020/21 ( <i>actual</i> )	£863,510	£863,510
Yr2 2021/22 ( <i>actual</i> )	£5,027,738	£5,027,738
Yr3 2022/23 ( <i>actual</i> )	£5,847,923	£5,847,923
Yr4 2023/24 ( <i>actual</i> )	£4,697,049	£4,697,049
Yr5 2024/25	<b>£11,500,000</b>	<b>£9,923,444</b>
Yr6 2025/26	<b>£822,780</b>	<b>£2,399,335</b>

TOTALS	£28,759,000	£28,759,000
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- 3.20. Appendix B provides a more detailed financial reprofile breakdown for the FTZ programme in reflection of the six-month extension approval.
- 3.21. 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 six-month extension will be completely funded from the original DfT £28.759M FTZ grant allocation received.
- 3.22. Potential exit strategies for individual projects and the FTZ programme as a whole are in development, however a number of these are dependent on issues relating to partners participation\ project readiness. These will be discussed at SMB level and will be communicated via the FTZ governance structure in due course.

#### **4. Reasons for recommendations**

- 4.1. To accept the DfT offer (ratified by SMB) of continuation of the FTZ programme for an additional six months (from current end June 2025 to end December 2025).
- 4.2. To accept the SMB approved revised spend profile developed to account for the extension of the programme to December 2025.
- 4.3. Given the constraints faced in the programme delivery the requested extension of an additional six months 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 (Micro Logistics Hubs)
  - Further scope to explore and exploit the commercialisation of projects and products developed (Breeze, Drones etc) by the programme
  - Recruitment and retention of FTZ programme staff

#### **5. Integrated impact assessment**

- 5.1. N/A

#### **6. Legal implications**

- 6.1. Contract extensions will be required for some of FTZ programme staff.

- 6.2. On a project-by-project basis contracts in place for external commissions may need to be amended to accommodate the additional year.

## **7. Financial comments**

- 7.1. Solent FTZ budget approved by SCC Full Council 17 November 2021 and is continually monitored and reported with decisions on variation made by SMB/JC as required.
- 7.2. The DfT, as programme funders, have agreed to the six-month extension request (see Appendix A).
- 7.3. The proposed six-month extension to the programme will be completely funded from the original DfT £28.759M grant allocation received for the FTZ. With no more funding available or requested from DfT.
- 7.4. A comprehensive financial reprofiling exercise has been undertaken to recognise and enable the extension of the programme for an additional six months.

## **7. Director of Finance's comments**

NA

**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:

<b>Title of document</b>	<b>Location</b>
Solent FTZ extension letter July 2024 (DfT approval)	Appendix A
FTZ Programme financial reprofile to accommodate six-month extension	Appendix B
Solent FTZ DfT Quarterly Reporting July 2024 FINAL	PDF Attached with Papers

The recommendation(s) set out above were approved by Solent Transport Senior Management Board on 4<sup>th</sup> September 2024.



Appendix A: Solent FTZ extension DfT approval letter July 2024



Tim Forrester  
Future Transport Zones Delivery  
Manager  
Solent Transport

ANTHONY FERGUSON  
DEPUTY DIRECTOR, TRAFFIC AND TECHNOLOGY  
DEPARTMENT FOR TRANSPORT

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25 July 2024

Dear Tim,

In discussion with the Department for Transport, you asked that we confirm what we would expect to happen in June 2025 when current arrangements for the Future Transport Zones programme come to an end.

In particular, you noted that the impact of some of the barriers and constraints experienced 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 a number of the trials still to be fully realised. You also evidenced some of the wider opportunities generated by a short programme extension, including around additional data collection. You asked whether there was scope to continue existing arrangements.

The DfT would like to ensure that the extension provides Solent FTZ the opportunity to deliver on the agreed programmes and objectives. The DfT has agreed to extend existing arrangements to the end of December 2025, provided that any additional administrative and monitoring costs in the Solent Transport Future Zone for that period can be met by existing funding.

Yours sincerely,

**Anthony Ferguson**

**Appendix B: FTZ Programme financial reprofile to accommodate six-month extension**

	<b>Work Order Description</b>	<b>2024/25 Updated Budget</b>	<b>2025/26 Updated Budget</b>
<b>MaaS</b>	MaaS Trials	790,000	72,000
	MaaS integrations	1,523,000	793,000
	Solent Go	190,000	0
<b>Theme 1</b>	Mobility Credits	161,000	0
	Combined Micromobility (Escooters and bikeshare with Voi)	1,000,000	0
	B4B Engagement ( <i>previously Lift Share</i> )	128,000	15,000
	DDRT	110,000	50,000
<b>Theme 2</b>	Micro consolidation	1,093,000	315,000
	Macro consolidation	378,000	20,000
	Drones for medical logistics	2,700,000	188,000
<b>Prog Man</b>	Monitoring & Evaluation	270,000	59,000
	Marketing and Comms	220,000	90,000
	FTZ Procurement & Legal Support	95,000	75,000
	FTZ Programme Delivery Team	1,200,000	650,000
	FTZ Programme Contingency	65,000	70,000
	<b>Yearly Totals</b>	9,923,000	2,397,000
	<b>Totals</b>	12,320,000	