

## Agenda

<b>Meeting Title:</b>	South East Midlands Local Transport Board
<b>Date:</b>	Friday, 21 June 2013
<b>Time:</b>	10.00 a.m.
<b>Location:</b>	Committee Room 1, Watling House, High Street North, Dunstable, LU6 1LF

1. **Apologies for Absence**

Apologies for absence and notification of substitute members.

2. **Minutes**

To approve as a correct record, the Minutes of the meeting of the South East Midlands Local Transport Board held on 23 April 2013.

3. **Members' Interests**

To receive from Members any declarations of interest.

4. **Chairman's Announcements and Communications**

To receive any announcements from the Chairman and any matters of communication.

5. **Public Participation**

Members of the public or other organisations will be allowed to present their case on specific Agenda items. A total of 15 minutes for these presentations will be allowed at the start of each Local Transport Board meeting.

## Reports

Item	Subject	Page Nos.
6.	<b>Local Framework</b>  To receive an update report on the timescales for the Department for Transport's approval of the Local Framework for the South East Midlands area.	9 - 14
7.	<b>Prioritisation of Transport Schemes</b>  To receive an update report on the prioritisation process for transport schemes in the South East Midlands area.	15 - 24
8.	<b>Presentation by JMP</b>  To receive a presentation by JMP on the prioritisation work undertaken to date.	
9.	<b>Date of Next Meeting</b>  1) 25 July 2013 – 10.00 a.m. 2) December 2013/January 2014 to follow	

To: Members of the South East Midlands Local Transport Board

### **Members (Voting):**

#### **Bedford Borough Council**

Mayor D Hodgson	Mayor of Bedford
Sub: Cllr C Royden	Deputy Mayor and Portfolio Holder for Environment and Transport

#### **Central Bedfordshire Council**

Cllr N Young	Executive Member for Sustainable Communities – Strategic Planning and Economic Development
Sub: Cllr A Brown	Deputy Executive Member for Sustainable Communities – Strategic Planning and Economic Development

#### **Luton Borough Council**

Cllr D Taylor	Executive Member for Environment
Sub: Cllr S Timoney	Executive Member for Regeneration

#### **Milton Keynes Borough Council**

Cllr A Geary	Leader of the Council
Sub: Vacancy	

## **South East Midlands Local Enterprise Partnership (SEMLEP)**

Dr A Limb OBE DL

Chair of SEMLEP

Sub: Cllr R Davis

SEMLEP Board Lead for Transport

### **Observers (non-Voting):**

#### **Bedford Borough Council**

Glenn Barcham

Assistant Director Highways and Direct Works

Melanie MacLeod

Team Leader Transport Policy

#### **Central Bedfordshire Council**

Paul Cook

Head of Transport Strategy

Jim Tombe

LTP Team Leader

#### **Luton Borough Council**

Keith Dove

Transport Strategy and Regulation Manager

#### **Milton Keynes Borough Council**

Brian Matthews

Head of Transport

David Lawson

Transport Policy & Programme Manager

## **South East Midlands Local Enterprise Partnership (SEMLEP)**

Hilary Chipping

Lead Officer for SEMLEP

### **Other Local Enterprise Partnerships (LEP)**

Joanna Morris

Hertfordshire

Helen Miller

Director of Economic Development,  
Northamptonshire

Andrew Poulton

Greater Cambridge and Greater Peterborough  
Buckinghamshire Thames Valley

### **Highways Agency**

David Gingell

Divisional Director

Alan Kirkdale

Asset Development Manager

**please ask for**

Sandra Hobbs

**direct line**

0300 300 5257

**date published**

13 June 2013

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# CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **SOUTH EAST MIDLANDS LOCAL TRANSPORT BOARD (SEMLTB)** held in Committee Room 1, Watling House, High Street North, Dunstable on Tuesday, 23 April 2013

## PRESENT

### Members (Voting):

#### **Bedford Borough Council**

Cllr C Royden

Deputy Mayor and Portfolio Holder for Environment and Transport

#### **Central Bedfordshire Council**

Cllr N Young

Executive Member for Sustainable Communities – Strategic Planning and Economic Development

#### **Luton Borough Council**

Cllr D Taylor

Executive Member for Environment

#### **Milton Keynes Borough Council**

Cllr A Geary

Leader of the Council

#### **South East Midlands Local Enterprise Partnership (SEMLEP)**

Dr A Limb OBE DL

Chair of SEMLEP

### Observers (non-Voting):

#### **Bedford Borough Council**

Glenn Barcham

Assistant Director Highways and Direct Works  
Team Leader Transport Policy

Melanie MacLeod

#### **Central Bedfordshire Council**

Paul Cook

Head of Transport Strategy

Jim Tombe

LTP Team Leader

#### **Luton Borough Council**

Keith Dove

Transport Strategy and Regulation Manager

#### **Milton Keynes Borough Council**

Brian Matthews

Head of Transport

David Lawson

Transport Policy & Programme Manager

#### **South East Midlands Local Enterprise Partnership (SEMLEP)**

Hilary Chipping

Lead Officer for SEMLEP

#### **Highways Agency**

Alan Kirkdale

Asset Development Manager

### Others in Attendance:

Cllr A Brown

Central Bedfordshire Council

Mr I Gohil

Milton Keynes Borough Council

Mr E Cooper

Highways Agency

**LTB/13/1 Election of Chairman 2013/14**

**RESOLVED**

**Councillor N Young be elected as the Chairman of the South East Midlands Local Transport Board for the municipal year 2013/14.**

**LTB/13/2 Election of Vice-Chairman 2013/14**

**RESOLVED**

**Councillor Geary be elected as the Vice-Chairman of the South East Midlands Local Transport Board for the municipal year 2013/14.**

**LTB/13/3 Accountable Body**

**RESOLVED**

**that Luton be appointed the Accountable Body for a 5-year term.**

**LTB/13/4 Members' Interests**

None were declared.

**LTB/13/5 Chairman's Announcements**

The Chairman had no announcements to make.

**LTB/13/6 Public Participation**

No members of the public had registered to speak.

**LTB/13/7 Background Information**

The Board considered a report that provided the background information to the coalition government's decision to introduce the concept of a Local Transport Body (LTB). The LTB would be allocated funding to be used for local transport priorities. It would be comprised of the four highway authorities within the South East Midlands Local Enterprise Partnership area, this being Bedford, Central Bedfordshire, Luton and Milton Keynes.

**NOTED**

- 1. the background and rationale to the Local Transport Body for the South East Midlands area; and**

2. **the Government's response to the report produced by Lord Heseltine 'No Stone Unturned' in which there were proposals to set the Local Transport Body within the context of a wider funding framework which supports local growth and wealth generation by 2015. In particular this move highlights the need for Local Transport Bodies to progress in adopting their assurance frameworks and developing their priorities by the prescribed timeline.**

LTB/13/8

### **Local Framework**

The Board considered a report that set out the South East Midlands Local Transport Board (SEMLTB) Assurance Framework. The draft Framework had been submitted to the Department for Transport on 28 February 2013. The Local Framework, once finalised, will be used to develop a Memorandum of Understanding constituting the setting up of the SEMLTB for approval by Members.

The primary role of the SEMLTB would be to decide which transport investments would be priorities, to review and approve business cases for each prioritised scheme and to ensure effective delivery of the programme.

### **RESOLVED**

1. **that the SEMLTB Assurance Framework submitted to the Department for Transport be approved; and**
2. **the initial comments received from the Department for Transport and the response to these be noted.**

LTB/13/9

### **Prioritisation of Transport Schemes**

The Board considered a report that dealt with the prioritisation process. The key elements for the prioritisation process were:

- that each Local Authority would prepare a list of eligible transport schemes; and
- that the prioritised shortlist would be generated by a spreadsheet methodology that takes into account the South East Midlands Local Transport Board (SEMLTB) objectives, together with the scheme cost, deliverability to programme, value for money and the environmental/social distribution impacts.

Members discussed the objectives to which each scheme would be assessed, together with the weighting to be applied to each. There was some concern that the scoring would be between 1-3 and not 1-5 or 1-10. It was agreed that the objective "Contribute to a better quality of life by improving the natural and built environment" would be scored as 2 and not 1 as suggested in the report.

Members noted that the proposed list of strategic infrastructure projects for the SEMLTB was an evolving list and was likely to be changed as the local authorities reviewed their own schemes.

A request was made for the officer representative from South East Midlands Local Enterprise Partnership to be invited as an observer to the officer Working Group meetings on the prioritisation work.

**RESOLVED**

- 1. that the list of strategic transport schemes for inclusion as part of the prioritisation process be approved;**
- 2. that the weightings associated with the objectives and other factors against which each scheme in the long list would be assessed be approved subject to the objective “Contribute to a better quality of life by improving the natural and built environment” would be scored as 2 and not 1 as set out the in the report;**
- 3. that the scope of the consultants brief to undertake the prioritisation process be approved;**
- 4. that the officer Working Group be authorised to invite a shortlist of consultants to Tender for the prioritisation work and, in consultation with the Members, to agree the preferred consultant to undertake the study; and**
- 5. that the allocation by each Local Authority of £5,000 to undertake the prioritisation work be endorsed.**

LTB/13/10

**Date of Next Meeting**

**RESOLVED**

**that the dates of the next meeting would be:**

- 1) 21 June 2013 – 10.00 a.m.**
- 2) 25 July 2013 – 10.00 a.m.**
- 3) December 2013/January 2014 – TBC**

**The above meetings would take place at Central Bedfordshire Council, Watling House, High Street North, Dunstable.**

(Note: The meeting commenced at 10.10 a.m. and concluded at 10.30 a.m.)

## South East Midlands Local Transport Board

**Contains Confidential  
or Exempt Information** No

**Title of Report** **UPDATE ON LOCAL FRAMEWORK**

**Meeting Date:** 21 June 2013

**Responsible Officer(s)** Glenn Barcham, Bedford Borough Council, Paul Cook, Central Bedfordshire Council, Keith Dove, Luton Borough Council, Brian Matthews, Milton Keynes Council, Hilary Chipping, SEMLEP.

**Presented by:** Keith Dove, Transportation Strategy & Regulation Manager, Luton Borough Council

**The Board is  
asked to:**

- 1. note the Department for Transport's amended approach to signing off the Local Framework.**

### Executive Summary

- |           |   |
|-----------|---|
| <b>1.</b> | <p>Following a consultation on devolving major scheme funding during the early part of 2012, the coalition government has now decided that from 1 April 2015 Government investment in major highways and transport schemes delivered by Local Highway Authorities will be funded through Local Transport Bodies (LTBs). The Department for Transport (DfT) issued Guidance on the establishment of LTBs on 23 November 2012.</p> <p>As set out in that Guidance, the primary role of the LTB will be to decide which transport investments should be prioritised, to review and approve business cases for each prioritised scheme, and to ensure effective delivery of the programme.</p> <p>The draft Local Framework submitted to the DfT on 28 February was included at Appendix A to the report to the Board meeting on 23 April. Part 1 of the Local Framework, once finalised, will be used to develop a Memorandum of Understanding (MOU) constituting the setting up of the South East Midlands LTB for approval by Members.</p> |
|-----------|---|

<b>Background</b>	
<b>2.</b>	<p>The background section of the report to the Board meeting on 23 April set out the background to the DfT's approach to devolving funding on major transport projects to LTBs, which can be summarised as follows;</p> <ul style="list-style-type: none"> <li>• January 2012 - DfT issues consultation paper</li> <li>• April 2012 - the four Councils and SEMLEP respond to consultation</li> <li>• August 2012 - DfT request LEPs/Councils agree their preferred solution</li> <li>• November 2012 - DfT publish final guidance setting out timetable</li> <li>• February 2013 - the four Councils submit Local Framework to DfT.</li> </ul>
<b>3.</b>	<p>The only option that meets the requirements of the DfT is for the four Councils to work together to deliver the implementation of major transport schemes in their area. If any of the four Councils do not formally agree to become part of the South East Midlands Local Transport Board, then they will not be entitled to a share of the DfT funding after 1 April 2015.</p>
<b>4.</b>	<p><b>Developing the Local Framework</b></p> <p>The DfT have recently run a series of workshops about how they assess the Business Cases (including Value for Money) of major transport schemes. In introducing the workshop, the DfT provided an update on their approach to approving the Local Framework. The main point was that they expect to feedback their views on Part 1 (Governance) of Local Frameworks in mid June. This will be reported verbally to the Board meeting.</p> <p>The DfT are undertaking a significant amount of work at the moment that will inform the process for LTBs assessing and approving the Business Case for major transport projects, which will include:</p> <ul style="list-style-type: none"> <li>• one page summaries of the five sections of Business Cases - Strategic (accords with policy objectives), Economic (Benefit Cost ration and Appraisal Summary Table), Commercial (procurement) Financial (cost and risk), and Management (Governance)</li> <li>• reduced modelling requirements for smaller schemes</li> <li>• development of Appraisal Specification report in order that promoters understand LTB requirements for appraisal</li> <li>• adjustments to be applied to the initial Benefit Cost Ratio (BCR)</li> <li>• approach to Scrutiny of the Economic Case (baseline data, modelling and forecasting and key impacts of the Appraisal)</li> <li>• assessment of evaluation frameworks.</li> </ul>

	<p>The DfT plan to issue guidance on many of the above issues, which will be helpful to the LTB, although this may not be finalised until the Autumn. They are proposing that DfT approval of Part 3 of the Local Frameworks will not be issued until each LTB has had a chance to consider the aforementioned guidance.</p> <p>Notwithstanding this, given that the LTB will be the ultimate arbiter of whether appraisal is satisfactory, the LTB should consider writing something into Part 3 of the Local Framework that ensures legal responsibility of full appraisal rests with the Promoter.</p>
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<b>Issues</b>	
<b>Strategy Implications</b>	
5.	The transport schemes to be included in the prioritised list are expected to reflect the policy/strategy background priorities of the promoting local authority.
<b>Governance &amp; Delivery</b>	
6.	<p>The day to day work of the Board will be managed by the officer Working Group. Formal LTB administration arrangements will be undertaken by the Council chairing the meetings.</p> <p>Any scheme funding allocated via the process will be managed in accordance with the individual authority's standing orders and processes, but also meet the requirements set out in Part 3 of the Local Framework.</p>
<b>Management Responsibility</b>	
7.	Not applicable to this report.
<b>Financial Implications</b>	
8.	<p>Any Government funding allocated to the LTB's transport schemes will be managed by the Accountable Body.</p> <p>The officer working group and other officer costs of servicing the LTB is expected to be met from existing resources within each authority.</p>
<b>Legal Implications</b>	
9.	The LTB will operate within the Local Framework agreed at the LTBs first meeting.

	Transport schemes brought forward through the LTB process will be developed with due consideration to relevant legislation including how it impacts on equalities and the environment.
Environmental and Health Impacts	
10.	The Governance process set out in the Local Framework does not per se have any environmental impacts, although any individual transport schemes brought forward as part of the LTB process will be developed with due consideration to relevant legislation including how it impacts on the environment.
Public Sector Equality Duty (PSED)	
11.	The Governance process set out in the Local Framework does not per se have any equalities impacts, although any individual transport schemes brought forward as part of the LTB process will be developed with due consideration to relevant legislation including how it impacts on equalities. Each individual authority will undertake its responsibility in terms of ensuring an appropriate equality impact assessment is undertaken for individual schemes.
	Are there any risks issues relating Public Sector Equality Duty ?
	No

### Risk Analysis

Briefly analyse the major risks associated with the proposal and explain how these risks will be managed. This information may be presented in the following table.

Identified Risk	Likelihood	Impact	Actions to Manage Risk
LTB acts outside its remit	Low	High	Development of robust assurance framework
Loss of support from 1 or more LTB member authorities.	Low	High	Timely information provided. Regular officer meeting to identify and respond to any tensions

Background Documents	Location (including url where possible)
<ul style="list-style-type: none"><li>- Local Frameworks for funding major transport schemes: guidance for local transport bodies (Nov 2012)</li></ul>	<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15176/guidance-local-transport-bodies.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15176/guidance-local-transport-bodies.pdf</a>

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## South East Midlands Local Transport Board

**Contains Confidential  
or Exempt Information** No

**Title of Report** **UPDATE ON PRIORITISATION OF TRANSPORT  
SCHEMES**

**Meeting Date:** 21 June 2013

**Responsible Officer(s)** Glenn Barcham, Bedford Borough Council, Paul Cook, Central Bedfordshire Council, Keith Dove, Luton Borough Council, Brian Matthews, Milton Keynes Council, Hilary Chipping, SEMLEP.

**Presented by:** Keith Dove Transportation Strategy & Regulation Manager, Luton Borough Council

**The Board is  
asked to:**

1. **note the appointment of JMP to undertake the prioritisation process;**
2. **approve the methodology of the prioritisation process as set out in Appendix A; and**
3. **approve the list of strategic transport schemes to be funded in part through the South East Midlands LTB funding allocation.**

### Executive Summary

- |           |  |
|-----------|--|
| <b>1.</b> | <p>Following a consultation on devolving major scheme funding during the early part of 2012, the coalition government has now decided that from 2014/15 Government investment in major highways and transport schemes delivered by Local Highway Authorities will be funded through Local Transport Bodies (LTBs). The Department for Transport (DfT) issued Guidance on the establishment of LTBs on 23 November 2012.</p> <p>As set out in the DfT guidance, the primary role of the LTB will be to decide which transport investments should be prioritised, to review and approve business cases for each prioritised scheme, and to ensure effective delivery of the programme. The Guidance seeks the creation of the LTB in early 2013 with the Board agreeing its priorities by July 2013.</p> |
|-----------|--|

	<p>This report updates the Board on the progress made in appointing independent consultants to undertake this work, together with their initial review of the spreadsheet and the long list of schemes to be prioritised. The outcome of this initial work will be presented at the meeting by JMP.</p>
<b>Background</b>	
<b>2.</b>	<p>This report specifically deals with the prioritisation process as set out in Part 2 of the Local Framework, the requirements for which are set out in Part 2 of the DfT Guidance. The key elements of the prioritisation process are that:</p> <ul style="list-style-type: none"> <li>• each Local Authority shall prepare a list of eligible transport schemes; and</li> <li>• the prioritised shortlist will be generated by a spreadsheet methodology that takes into account the LTB objectives, together with the scheme cost, deliverability to programme. Value for Money, and the environmental/social distribution impacts.</li> </ul>
<b>3.</b>	<p>At their meeting on 23 April, the Board resolved that the:</p> <ol style="list-style-type: none"> <li><b>1. list of strategic transport schemes for inclusion as part of the prioritisation process be approved;</b></li> <li><b>2. weightings associated with the objectives and other factors against which each scheme in the long list would be assessed be approved subject to the objective “Contribute to a better quality of life by improving the natural and built environment” would be scored as 2 and not 1 as set out the in the report;</b></li> <li><b>3. scope of the consultants brief to undertake the prioritisation process be approved;</b></li> <li><b>4. officer Working Group be authorised to invite a shortlist of consultants to Tender for the prioritisation work and, in consultation with the Members, to agree the preferred consultant to undertake the study; and</b></li> <li><b>5. allocation by each Local Authority of £5,000 to undertake the prioritisation work be endorsed.</b></li> </ol>
<b>4.</b>	<p><b>Selection of the preferred consultant</b></p> <p>As set out in the Local Framework agreed at the Board meeting on 23 April, there is a need for this prioritisation work to be undertaken by an independent consultant. Section 6 of the Prioritisation report to the Board meeting on 23 April set out the context of the consultancy work. A shortlist of suitable consultants was identified by the officer Working Group, and these were invited to Tender on 13 May, with Proposals to be returned by noon on 20</p>

	<p>May.</p> <p>Three Proposals were returned by that date from Atkins, JMP, and SDG. Officers from each of the four authorities assessed the bids, and the result of this assessment was that JMP were identified as the Preferred bidder. The SEMLEP officer also supported this assessment. Members were advised of the outcome late in the afternoon of 24 May, and JMP were subsequently appointed.</p>
5.	<p><b>Development of spreadsheet against which to assess these schemes</b></p> <p>As indicated in the report to the last meeting of the Board, the officer Working Group has carried out some initial work in assessing and amending a spreadsheet originally developed by Milton Keynes Council that could be used to prioritise the long list of transport schemes. Given that the original spreadsheet was developed for the purpose of assessing priorities for Milton Keynes Council's Integrated Transport budget, but the purpose for which it is to be used as part of this Prioritisation study is to assess strategic and locally important transport schemes costing more than £2.5m, JMP proposed a number of amendments to the spreadsheet.</p> <p>Their draft proposals were circulated to the officer Working Group on 3 June and discussed at its meeting on 7 June, after which JMP were advised of the proposed amendments. The revised methodology for the Prioritisation study is set out in Appendix A to this report, and Members are requested to approve this methodology.</p>
6.	<p><b>Identifying a long list of eligible transport schemes</b></p> <p>Part 2 of the Local Framework agreed at the Board meeting of 23 April defined projects eligible for LTB funding as highway, public transport (bus or rail), asset management or public realm improvements, together with packages of these, with a minimum capital cost of £2.5m. It is important that the prioritisation process should focus on projects of strategic importance to the whole area and not just projects promoted by individual local authorities.</p> <p>The long list of schemes agreed by the Board at its meeting of 23 April was based on transport related schemes identified as part of the SEMLEP Infrastructure Study but, as noted in the report to the last meeting, has been subsequently amended to include further schemes (particularly A421 from J13 to the boundary with Milton Keynes) and remove those schemes expected to be fully funded by the recently announced local pinchpoint fund.</p> <p>JMP has met with officers of each of the Councils to review the scheme list in their area, and in particular to discuss how each scheme relates to the LTB policy objectives and their related weightings, as agreed at the Board meeting on 23 April. As part of their methodology, JMP proposed an early sift to identify schemes that, for various reasons (including development that will directly relate to and fund each scheme, or if any schemes are considered to be fully funded), are unlikely to require capital funding in the first period of</p>

	<p>LTB funding up to 2019). However the Board should note that:</p> <ul style="list-style-type: none"> <li>i) a list of schemes that may require funding post 2019 will be retained; and</li> <li>ii) lack of LTB funding shouldn't be a reason for not sifting, as there are likely to be other funding streams that will come forward both in the short (eg Government response to Heseltine Review) and longer term.</li> </ul> <p>The results of the initial prioritisation work will be presented by JMP to the Board meeting. After discussion on the outcome of this initial work, the Board will be asked to approve the list of schemes to be funded by the LTB between 2015-19.</p>
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<b>Issues</b>	
Strategy Implications	
7.	The transport schemes to be included in the prioritised list reflect the policy/strategy background priorities of the promoting local authority.
Governance & Delivery	
8.	The day to day work on the prioritisation process will be managed by the officer Working Group. JMP will present the initial findings on the prioritised list of schemes to the June LTB meeting, and a final report on the prioritisation process will be presented to the July Board meeting in order to deliver the prioritised list to the DfT by the end of July 2013.
Management Responsibility	
9.	The procurement of JMP and payment of their invoices will be managed by Luton, as the Accountable Body.
Financial Implications	
10.	The cost of the JMP work to undertake the prioritisation process will be covered by the £5,000 contribution from each of the four authorities, which was agreed at the Board meeting on 23 April.
Legal Implications	
11.	The LTB will operate within the assurance framework agreed at the LTB meeting on 23 April, subject to any further amendments required by the DfT.

Environmental and Health Impacts	
12.	<p>The prioritisation process per se does not have any environmental impacts although, as part of that process, the pro-forma for individual transport schemes will consider impacts at a strategic level. However individual transport schemes brought forward through the LTB process will be developed with due consideration to relevant legislation including how it impacts on the environment.</p> <p>Each individual authority will undertake its responsibility in terms of ensuring an appropriate environmental impact assessment is undertaken for individual schemes.</p>
Public Sector Equality Duty (PSED)	
13.	<p>The prioritisation process per se does not have any equalities impacts, although, as part of that process, the pro-forma for individual transport schemes will consider impacts at a strategic level. However individual transport schemes brought forward through this process will be developed with due consideration to relevant legislation including how it impacts on equalities issues.</p> <p>Each individual authority will undertake its responsibility in terms of ensuring an appropriate equality impact assessment is undertaken for individual schemes.</p>
14.	Are there any risks issues relating Public Sector Equality Duty
	<i>No</i>

Risk Analysis
Briefly analyse the major risks associated with the proposal and explain how these risks will be managed. This information may be presented in the following table.

Identified Risk	Likelihood	Impact	Actions to Manage Risk
LTB acts outside its remit	Low	High	Development of robust prioritisation process as part of the assurance framework
Loss of support from 1 or more LTB member authorities	Low	High	Timely information provided. Regular officer meeting to identify and respond to any tensions

<b>Background Documents</b>	<b>Location (including url where possible)</b>
Local Frameworks for funding major transport schemes: guidance for Local Transport Bodies (Nov 2012)	<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15176/guidance-local-transport-bodies.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15176/guidance-local-transport-bodies.pdf</a>



## **South East Midlands Local Transport Body local major scheme prioritisation: conclusions on methodology**

The following recommendations and changes on the methodology were agreed to be good ideas going forward into the process, and will therefore be included in the methodology:

### **Evidence gathering and early sifting**

JMP to undertake early meetings with scheme sponsors (the four local authorities) to gain a better understanding of the schemes being presented, and to ensure that sufficient evidence is available to populate the necessary elements of the prioritisation methodology. These meetings took place on the 6th and 11th June.

An early sift should be undertaken to identify schemes that, for various reasons (including for example those that are fully funded) are unlikely to require capital funding in the first period of LTB funding, i.e. up to 2019). However a separate list of those future schemes should be retained.

Lack of funding shouldn't be a reason for sifting, as there are likely to be other funding streams that will come forward both in the short (e.g. Government response to Heseltine Review) and longer term.

The prioritisation methodology will include an initial value for money pass-fail test. Scheme sponsors must be able to demonstrate at this first stage that a scheme will be able to ultimately represent "at least high value for money" in DfT terms (a BCR >2) when a full business case is undertaken.

### **The spreadsheet**

The seven objectives for the assessment of policy and strategic fit are to be scored on a scale of 0-3. This 0-3 point scale will therefore be consistent with the Impact/Benefit assessment in the next element of the spreadsheet. In the context of the objective of improving the natural and built environment some impacts may be regarded as negative. However, given that any scheme will be likely to include measures to mitigate these impacts, then the overall assessment will be considered to be neutral in these instances.

The spreadsheet allows for the seven objectives to be weighted. Officers are keen to retain an approach that allows the policy and impact scores to be summed, as these weightings have been



previously agreed. The weightings will therefore be retained within the methodology to allow overall policy and strategic fit to be calculated.

The yes/no questions on LTB indicators are helpful and can be readily assessed within the timeframe of this commission. The following minor changes are to be incorporated:

- the increase in bus patronage criterion is to be weighted equally to the increase in other modes;
- the CT and taxi patronage indicators are to be removed
- the mode share to schools indicator is to be removed.

Within the Impact/Benefit assessment, clarity is required on the difference between “Strategic Region Wide” impact, and “Regional” impact. The higher level impact is to be changed to “National” impact.

Within the Impact/Benefit assessment, clarity is required on the classification of development or regeneration areas. This is to be revised to reflect national designations (e.g. Enterprise Zones); local designations (e.g. identified with a Local Plan); and those with no formal designation.

## **Deliverability**

JMP believes that understanding the deliverability of a scheme, and the risks to delivery, is of fundamental importance within the prioritisation process. The deliverability and risk assessment is therefore to be de-coupled from the policy and strategic fit elements of the methodology. Deliverability is to be assessed independently of other considerations, and will be scored on a RAG scale. The nature of significant risks can then easily be presented to SEMLTB, allowing “show stopping” risks to be identified, and allowing decision makers to decide whether other risks are acceptable or not. A RAG assessment on a four point scale is to be used, with green (no or very limited risks to delivery); amber (risks are present, but proportional to the stage of development of the project); red/amber (risks are significant and disproportionately high given the stage of development of the project); and red (very high risks verging on undeliverable).

The risk assessment section of the spreadsheet, which appears to allow only one “combined risk” to be assessed, will not be used in scheme assessment.

## **Cost and affordability**

The presentation of the cost of schemes can be simplified. A straight forward identification of total scheme cost is to be provided. It is useful to retain the separate identification of local contributions and the source of such contributions, and also to separately identify how much of the total cost is risk layer or quantified contingency.



## Value for money

It is a requirement of the SEMLTB Assurance Framework that any prioritised scheme meets minimum thresholds of BCR, as defined by the DfT. In terms of value for money, in taking a decision to prioritise a scheme the SEMLTB should have confidence that the scheme in question can deliver a BCR >2 when a full business case is prepared following prioritisation, or at least be aware of any risks that a scheme may not ultimately represent high value for money (and therefore be undeliverable) when making that decision.

This recommended approach to value for money assessment will require scheme sponsors to identify, or provide an understanding of, any work that has been undertaken to identify the likely benefits and costs of the scheme. In terms of benefits, scheme sponsors should consider both the transport economic benefits and other monetised benefits traditionally associated with transport scheme appraisal, and any wider economic benefits that are likely to accrue from the scheme. Quantification of some of the evidence required to complete the Impact-Benefit Assessment within the spreadsheet should provide some of this evidence. Scheme sponsors should consider this relationship between scheme benefits and scheme costs over the appraisal period, as it is this relationship, enabling a scheme to ultimately represent “at least high value for money” in DfT terms (a BCR >2) that is important to understand.

Officers are keen that the methodology should be supplemented with some local measure of quality, benefit and value for money to provide SEMLTB members with more information in differentiating between schemes within the prioritisation process. Therefore, for qualifying schemes (those that pass the initial pass-fail test described above) the net BCR to the LTB<sup>1</sup> will be calculated and ranked. This reflects the importance of understanding the impact of local contributions and the value that these contributions provide to the area.

Martin Revill  
11 June 2013

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<sup>1</sup> The net BCR to the LTB is calculated by dividing the gross benefits by the cost of the scheme to the LTB, i.e. the net cost to the LTB accounting for any local or third party contributions

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