

SOUTH EAST MIDLANDS

LOCAL TRANSPORT BOARD

ASSURANCE FRAMEWORK

PART ONE: PURPOSE, STRUCTURE AND OPERATING PRINCIPLES

Name

1. The name of the Local Transport Body shall be the South East Midlands Local Transport Board.

Geography

2. The area covering the four Unitary Authorities of Bedford Borough, Central Bedfordshire, Luton and Milton Keynes.

Status

3. The South East Midlands Local Transport Board will be an informal partnership in accordance with a Memorandum of Understanding.

Membership

4. One voting member (or a named substitute) who is an Elected representative from each of the Local Authorities. It is expected that member will be the Transport or Regeneration Portfolio Holder although this will be down to each Local Authority to decide.

5. The Chair of the South East Midlands Local Enterprise Partnership (SEMLEP), or a named substitute of the SEMLEP Board, shall also be a voting member.

6. The Quorum of the Local Transport Board will be four voting members.

7. Representation on the Local Transport Board will be reviewed annually, or additionally as required, to reflect:

- any changes in Elected representatives of the Local Authorities, or
- where the Board consider technical advice on specific projects may be required, to co-opt advisers or other key stakeholders, for example Statutory Bodies.

8. The Chair and Vice-Chair of the Local Transport Board will be appointed at its first meeting from the Elected representatives.

9. The following shall be able to attend Local Transport Board meetings as Observers with an automatic “right to speak” but no voting rights:

- senior managers of each Authority whose remit includes the development and implementation of transport strategy and major transport projects,
- an appointed adviser to SEMLEP on transport matters
- a representative of each neighbouring LEP
- the Highways Agency

10. Members of the public or other organisations not referred to above 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. The length of individual presentations, or total time allowed for these will be at the discretion of the Chair or Vice Chair. Other Stakeholders or organisations may

also be invited by the Local Transport Board to present their case on specific Agenda items.

Strategic Objectives and Purpose

11. The Local Transport Board will make decisions on scheme prioritisation and funding to the Accountable Body. In this regard the Local Transport Board and the Accountable Body shall be responsible for the following roles in relation to devolved Local Authority major scheme funding:

- ensuring Value for Money is achieved.
- Identifying a prioritised list of investments within the available budget.
- Making decisions on individual scheme approval, investment decision making and release of funding, including scrutiny of individual scheme business cases.
- Monitoring progress of scheme delivery and spend.
- Actively managing the devolved budget and programme to respond to changed circumstances, including programme slippage, scheme alteration, or cost increases.

12. In addition to the above, the Local Transport Board shall act as a forum for the expression of views on other transport matters including, but not limited to

- bilateral discussions with Network Rail,
- responding to wider consultations on strategic transport proposals and changes to transport policy, and
- Funding decisions from national transport agencies.

Conflicts of Interest

13. Members shall act in the interests of the Local Transport Board as a whole and not the narrow sectoral or geographical interests of their constituent organisations. Declarations of Interest will be a standing item on the Agenda of every Local Transport Board meeting. The personal interests of Elected representatives appointed as voting members of the Local Transport Board shall be covered by the Code of Conduct and the Register of Interests of their Local Authority. The personal interests of the SEMLEP member shall be covered by their contract, including the Nolan seven principles of public life and the SEMLEP Register of Interests.

14. If any of the voting members has a personal interest in the outcome of a proposed scheme being decided on by the Local Transport Board, or their organisation has such an interest, then that representative shall leave the meeting for the duration that scheme is being considered.

Gifts and Hospitality

14. The Policy of each constituent organisation on the acceptance and declaration of gifts and hospitality shall apply to voting members of the Local Transport Board.

The Role of the Accountable Body

15. The Accountable Body will be appointed for a term of five years. The Accountable Body will be responsible for administering the decisions of the Local Transport Board in approving funding for schemes, and specifically to:

- hold the devolved major scheme funding and make payments in accordance with the decisions of the Local Transport Board.
- account for the devolved funds in such a way that they are separately identifiable from their own funds , and provide financial statements to the Local Transport Board as required.
- ensure that the decisions and activities of the Local Transport Board conform with any legal requirements, for example with regard to equalities, environmental and procurement issues.
- ensure (through their Section 151 Officer) that the funds are used appropriately
- ensure that the Local Transport Board assurance framework as approved by DfT is being adhered to.
- maintain the decisions of the Local Transport Board in approving schemes (for example if subjected to legal challenge)
- sign off the audited Value for Money assessment as true and accurate
- be the initial point for statutory information requests through either the Freedom of Information Act 2005 or the Environmental Impact Regulations 2004.¹
- prepare a funding letter to be signed by the Local Transport Board and the individual scheme promoters, setting out respective responsibilities including reporting and audit requirements.

Local audit and scrutiny

16. The Accountable Body will also be responsible for commissioning an annual independent audit of the Accountable Body and decisions of the Local Transport Board, with the first audit being completed by December 2014. Each audit report shall be shared with the Department for Transport. The annual audit will provide a high level review, comment and opinion on:

- Corporate governance, in particular details of the roles, responsibilities and resources;
- strengths and weaknesses of the Board in approving the distribution of funding;
- Financial management and governance;
- The control environment and the degree of control and monitoring shown by senior management (such as regularity of board meetings, review and challenge of budgets); and
- An overview of financial and management reporting procedures.

Support and Administration Arrangements

17. The chairing Authority will host the Local Transport Board meetings. The host authority will circulate Agendas and reports before the meetings and prepare minutes of meetings.

18. The technical work of the Local Transport Board will be serviced by a Working Group comprising

- a senior officer of each Local Authority whose remit includes the development and implementation of transport strategy and major transport projects,
- a SEMLEP transport adviser
- a senior representative from the Highways Agency

¹ The Information Commissioner has ultimate responsibility for determining this

19. An officer from the chairing Local Authority whose remit includes the development and implementation of transport strategy and major transport projects will circulate Agendas and reports before the Working Group meetings and prepare minutes of those meetings.

20. The official record of Local Transport Board proceedings /decisions and all Local Transport Board documents shall be held on the public area of the South East Midlands LEP website.

21. Independent scrutiny of the Business Case for individual schemes will be undertaken by a consultant appointed from the Highway's Agency framework. To ensure independence, the appointed consultant will not have undertaken any work on that scheme. Any Business Cases for programme entry of shortlisted schemes must be submitted for independent review at least 4 months before the Local Transport Board meeting at which it is to be considered.

Working Arrangements and Meeting Frequency

22. Meetings of the Local Transport Board will generally take place at least every six months, one to determine the funding priorities for the following year and one to monitor progress in scheme delivery and review governance arrangements. Additional meetings will be held as required in order to approve the initial decision on the overall scheme programme and when making investment decisions on individual schemes.

23. The Working Group will generally meet every three months; meetings of the Working Group shall be held at least 6 weeks before the Local Transport Board meetings.

Transparency and Local Engagement

24. The Local Transport Board will:

- publish papers for and minutes of its meetings, including those of the officer Working Group
- for each scheme they are funding, publish a Business Case and evaluation report (or a link to them on each Local Authority's own website), funding decision letters with funding levels and conditions indicated, and quarterly programme updates on delivery and spend against budget.
- set out the process to provide public and stakeholders with meaningful input before decisions are made.
- adhere to the Local Government Transparency Code.
- ensure that FOI and EIR requests are dealt with in accordance with the relevant legislation, either through the Accountable Body or the constituent Authorities as appropriate.
- publish a clear statement of the approach it will follow when making major investment decisions.

PART 2: PRIORITISATION

Prioritisation process

25. Each Local Authority shall prepare a list of eligible transport schemes that should reflect the priorities of their local policy/strategy background to enable a shortlist of schemes to be determined through the prioritisation process. The types of transport schemes to be considered could include highway, public transport (bus or rail), asset management or public realm improvements, together with packages of these.

26. It is likely that schemes included in the long list will be at different stages of development. Two key considerations in the prioritisation process will therefore be:

- Assessment against Local Transport Board objectives
- The anticipated implementation programme and ability to deliver

27. Based on a review of the Local Transport Plans of the constituent Local Authorities and other relevant previous policy, the objectives against which each scheme in the long list shall be assessed, together with the weighting (in parentheses) to be applied to each, will be to:

- 1) Provide a reliable and efficient transport system that supports the sustainable growth in homes and jobs
- 2) Support economic growth and regeneration
- 3) Contribute to a reduction in CO₂ and other transport emissions
- 4) Improve accessibility of the whole community to existing and new services, amenities and facilities (including education and training)
- 5) Contribute to better safety and security of travel
- 6) Promote sustainable travel choices that are beneficial to health
- 7) Contribute to a better quality of life by improving the natural & built environment

28. The prioritised shortlist of projects will be generated by a spreadsheet methodology that takes into account the above objectives, together with the following factors and weighting to be applied to each:

- Project Cost, including eligible preparation costs and Quantified Risk Assessment, together with any operating costs
- Risk associated with programme deliverability
- Third party contributions and Value for Money
- Assessment of environmental impacts
- Identification of social distribution impacts

29. The prioritisation process will be undertaken by an independent transport consultant to be appointed at the first meeting of the Local Transport Board. The consultants will develop the spreadsheet and verify data supplied by scheme promoters. The methodology of the prioritisation process will be published in advance of any decision making about the prioritised shortlist or any constituent projects.

Scheme eligibility

30. The minimum capital scheme cost as a threshold for Local Transport Board consideration shall be £2.5m, although there shall be no minimum contribution. The scheme Promoter will provide a minimum local contribution based on eligible costs of 10%.

PART 3: PROGRAMME MANAGEMENT AND INVESTMENT DECISIONS

Scheme Assessment and approval

31. Once a prioritised shortlist of schemes has been identified, the process for further scheme consideration and approvals for individual schemes within that shortlist would be to :

- confirm the Business Case, leading to a Funding in Principle decision by the Local Transport Board
- confirm funding availability once Statutory Procedures are complete and the Business Case is confirmed/updated
- confirm scheme costs once the scheme procurement process is completed, the Business Case updated to reflect Tender prices, and the promoter is willing to proceed
- monitor out-turn costs and adherence to delivery programme at all of these stages up to scheme completion

32. The approval of individual schemes (including Value for Money assessment) at each of the above stages will be signed off by the Chair of the Local Transport Board. Funding letters for those schemes approved by the Local Transport Board will be signed off by the Section 151 officer of the Accountable Body.

The Transport Business Case

33. The Local Transport Board should ensure that all scheme proposals submitted by Local Authorities (or other scheme Promoters) seeking a funding contribution follow the key principles of the Transport Business Case guidance available on the Department for Transport website.² This ensures that the information and assessment of a scheme is set out according to the five cases of the:

- Strategic case, including the scheme objectives & outcomes
- Economic case, including the Benefit:Cost Ratio & Social Distribution Impact
- Commercial case, including project management and procurement
- Financial case, including the scheme costs & inflation assumptions made
- Management case, including confirmation of Statutory Powers, & Stakeholder engagement, together with the approach to managing risk

34. The scheme Promoter shall submit to the Local Transport Board a copy of the Business Case appropriate to the relevant stage of the funding process (see paragraph 31 above), which will be summarised in the forms at Appendix A, and cross referenced to supporting documents.

35. The Business Case submitted for Programme Entry shall include full details of any modelling work undertaken (including any work on Wider Economic Benefits), which will be summarised and cross-referenced in the checklist at Appendix B. Central case assessments must be based on forecasts with the latest version of the Department's National Trip End Model. Alternative planning assumptions can be undertaken as sensitivity tests and the results of these considered by the Board in coming to a decision about whether to approve a scheme.

36. The Local Transport Board will commission an independent audit of the technical content (including any transport/forecasting modelling) of the Business Case prepared by the scheme promoter for Programme Entry. This will include

² <http://www.dft.gov.uk/publications/transport-business-case>

fitness for purpose of the appraisal given the nature of the scheme and conformity with WebTAG. The consultant appointed to undertake this work will be drawn from the Highways Agency's Framework, and the scheme promoter shall meet the costs of this audit. Where there are significant changes to a scheme once the Statutory Procedures are complete (Conditional Approval) or once procurement has been completed (Full Approval), then the Local Transport Body may request further independent audits to be undertaken at these stages.

Value for Money

37. The independent audit of the Business Case will include a Value for Money assessment conforming with WebTAG guidance, with costs prepared on an agreed basis to include eligible preparation costs, land and compensation costs (excluding costs of Part1 Claims) and a Quantified Risk Assessment, together with any operating costs. All assumptions regarding the costs, including contingency and inflation should be clearly stated.

38. The Local Transport Board will only approve schemes with a high Benefit Cost Ratio of 2:1 or greater, unless they consider exceptional circumstances apply. Such exceptional circumstances may apply to schemes that have a high economic growth/regeneration benefit, a high environmental benefit or entirely consist of sustainable transport measures.

External views on business cases

39. For any scheme requiring Programme Entry, the scheme Promoter shall submit to the Local Transport Board a copy of the Stakeholder Engagement Strategy together with a report on the outcome of the Stakeholder consultation which demonstrates how those comments are reflected in the scheme.

40. At the Conditional or Full Approval stage the scheme Promoter shall demonstrate within the Business Case how any changes to the scope resulting from conditions attached to the Statutory Powers granted or any recommendations of the Planning Inspectorate and the Secretary of State are reflected in the scheme.

41. The Local Transport Board, in reaching a decision on whether to grant funding approval for a scheme, will take account of all comments received, including those from the local community. In order to seek the views of the wider community, when bids are submitted for funding approval the scheme Promoter shall place their Business Case on their own website and the SEMLEP website.

Release of funding, cost control and approval conditions

42. The formal agreement between the Local Transport Board and the scheme Promoter will be in the form a funding approval letter that sets out the amount and timing of the funding, together with any specific conditions of the next stage of the process. These will include, but not be limited to, confirmation of scheme costs and programme, together with any further details required for the next stage of the approval process as set out in the Transport Business Case guidance (see paragraph 33).

43. The scheme Promoter will submit quarterly progress reports to the Working Group, which will in turn be presented to the following Local Transport Board meeting. Once the Full Approval Business Case is approved, the scheme Promoter

will submit quarterly claims in arrears for eligible costs to the Accountable Body using the integrated progress report/claims form at Appendix C.

44. Within 4 weeks of the Local Transport Board approving the Full Approval Business Case for a scheme, the Accountable Body will send the scheme Promoter an Award of Grant letter; Award of Grant letters for any subsequent year will be sent out in March. The Award of Grant Letter will set out the Terms and Conditions of the funding approval, including the total funding contribution and the timing of that funding, the requirement to carry out a full evaluation of the scheme (see paragraphs 46-47 below), and any other conditions the Local Transport Board may reasonably wish to impose.

Programme and Risk Management

45. The scheme Promoter shall inform the Local Transport Board within four weeks if there is any danger of key milestones not being met which will impact on the implementation programme or the funding allocation for that or future years. The Local Transport Board will require the scheme Promoter to produce a more detailed progress report, possibly at more than quarterly intervals, until such time the Local Transport Board is assured that the project management/governance is under control. Should the scheme Promoter fail to deliver effectively, the Local Transport Board can determine any sanctions available to it and how to state those in written agreements with the scheme Promoters.

Monitoring and evaluation

46. The scheme Promoter will include in its final Business Case an Evaluation Plan to monitor both the construction of the scheme and the impact of its implementation, in line with Department for Transport guidance on the evaluation of local major schemes.

47. The Local Transport Board will commission an independent review of the results of evaluation and monitoring undertaken by the scheme Promoter. The Local Transport Board will approve reports on the evaluation and monitoring of the scheme at its meetings in order to share best practice amongst the Authorities, and these reports will also be placed on the scheme Promoters website and the SEMLEP website.