

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

- | | |
|-----------|---|
| 1. | <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> |
|-----------|---|

Background

2. 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;
- January 2012 - DfT issues consultation paper
 - April 2012 - the four Councils and SEMLEP respond to consultation
 - August 2012 - DfT request LEPs/Councils agree their preferred solution
 - November 2012 - DfT publish final guidance setting out timetable
 - February 2013 - the four Councils submit Local Framework to DfT.

3. 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.

4. **Developing the Local Framework**

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.

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:

- 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)
- reduced modelling requirements for smaller schemes
- development of Appraisal Specification report in order that promoters understand LTB requirements for appraisal
- adjustments to be applied to the initial Benefit Cost Ratio (BCR)
- approach to Scrutiny of the Economic Case (baseline data, modelling and forecasting and key impacts of the Appraisal)
- assessment of evaluation frameworks.

	<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>
--	---

Issues	
Strategy Implications	
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.
Governance & Delivery	
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>
Management Responsibility	
7.	Not applicable to this report.
Financial Implications	
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>
Legal Implications	
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 ?
	<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 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)
- Local Frameworks for funding major transport schemes: guidance for local transport bodies (Nov 2012)	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15176/guidance-local-transport-bodies.pdf