

# LEICESTER AND LEICESTERSHIRE TRANSPORT BOARD

**DATE:** MONDAY, 22 JULY 2013  
**TIME:** 10:30 am  
**PLACE:** THE FOUNTAIN ROOM - GROUND FLOOR, TOWN HALL,  
TOWN HALL SQUARE, LEICESTER, LE1 9BG

## **Members of the Board**

Sir Peter Soulsby (City Mayor, Leicester City Council) (in the Chair)

Mr Andrew Bacon (Chair, Leicester and Leicestershire Enterprise Partnership)

County Councillor Nick Rushton (Leader, Leicestershire County Council)

District Representative (Non-voting)

District Councillor David Slater (Leader, Charnwood Borough Council)

Members of the Board are invited to attend the above meeting to consider the items of business listed overleaf.

*Elaine Baker*

for the Monitoring Officer

**Officer contact: Elaine Baker**  
Democratic Support, Leicester City Council  
Town Hall, Town Hall Square, Leicester LE1 9BG  
(Tel. 0116 229 8806 Fax. 0116 229 8819)  
Email: [elaine.baker@leicester.gov.uk](mailto:elaine.baker@leicester.gov.uk)

## **INFORMATION FOR MEMBERS OF THE PUBLIC**

### **ACCESS TO INFORMATION AND MEETINGS**

You have the right to attend this meeting to hear decisions being made.

Tweeting in meetings is fine, as long as it does not disrupt the meeting.

You have the right to see copies of agendas and minutes. Agendas and minutes are available on the Council's website at [www.cabinet.leicester.gov.uk](http://www.cabinet.leicester.gov.uk) or by contacting us as detailed below.

There are certain occasions when the Board may need to discuss issues in private session. The reasons for dealing with matters in this way will be clearly explained, as the need arises.

### **WHEELCHAIR ACCESS**

The meeting room is accessible to wheelchair users. Wheelchair access to the Town Hall is from Horsefair Street (Take the lift to the ground floor and go straight ahead to main reception).

### **BRAILLE/AUDIO TAPE/TRANSLATION**

If there are any particular reports that you would like translating or providing on audio tape, the Democratic Services Officer can organise this for you (production times will depend upon equipment/facility availability).

**General Enquiries - if you have any queries about any of the above or the business to be discussed, please contact Elaine Baker, Democratic Support on 0116 229 8806 or email [elaine.baker@leicester.gov.uk](mailto:elaine.baker@leicester.gov.uk) or call in at the Town Hall.**

**Press Enquiries - please phone the Communications Unit on 0116 252 6081**

# **PUBLIC SESSION**

## **AGENDA**

### **1. CHAIR OF MEETING**

The Board is asked to note that Sir Peter Soulsby, Leicester City Council City Mayor, will be in the Chair for this meeting.

### **2. WELCOME AND INTRODUCTIONS**

### **3. APOLOGIES FOR ABSENCE AND SUBSTITUTES**

- a) To receive apologies for absence; and
- b) To accept substitutes for non-attending members of the Board, (if any).

### **4. ACCEPTANCE OF REPRESENTATIVE DISTRICT COUNCIL**

In accordance with paragraph 4 of Part 1 of the Board's Assurance Framework, the Board is asked to accept Councillor David Slater, Leader of Charnwood District Council, as the District Council representative.

### **5. THE ROLE, PURPOSE, STRUCTURE, RULES AND FUNDING OF THE LEICESTER AND LEICESTERSHIRE TRANSPORT BOARD [Appendix A](#)**

A presentation will be made on the role, purpose, structure, rules and funding of the Board, with particular reference to:-

- a) the Board as scheme assessor and fund holder; and
- b) Local Transport Authorities as scheme promoters.

A copy of this presentation is attached for information.

### **6. ADOPTION OF ASSURANCE FRAMEWORK [Appendix B](#)**

Attached for information is the Board's Assurance Framework. As Part 3 is awaiting further development with the Department for Transport, the Board is recommended to:-

- a) Adopt parts 1 and 2 of the Leicester and Leicestershire Transport Board Assurance Framework; and
- b) Receive an update on progress with part 3 of this Framework.

## **7. SHORTLISTING PROJECTS - SIEVING AND SIFTING**

The process for shortlisting projects will be discussed at the meeting. (See also Part 2 of the Leicester and Leicestershire Transport Board Assurance Framework, attached at Appendix B.)

## **8. ADOPTION OF PRIORITISED LIST OF SCHEMES**

The Board is recommended to adopt a list of schemes which has been prioritised in accordance with the procedure set out in Part 2 of the Leicester and Leicestershire Transport Board Assurance Framework.

## **9. NEXT STEPS**

The next stages in the development of a programme of transport investments will be outlined. The Board is recommended to note the information and determine what action is needed to further the development of the programme.

## **10. ARRANGEMENTS FOR NEXT MEETING**

The Board is asked to:-

- a) Determine the chairmanship and venue of its next meeting; and
- b) Agree whether a date for the next meeting should be set at this meeting, or at a later time.

## **11. ANY OTHER URGENT BUSINESS**

# **Leicester & Leicestershire Transport Board**

22<sup>nd</sup> July 2013

## **The Local Transport Body for Leicester & Leicestershire**

### **Welcome to the First Meeting**

**Garry Scott**

Project Director

# Devolution of Major Transport Scheme Funding

- Via a Local Transport Body – Leicester & Leicestershire Transport Board
- To deal with funding between 2015-19
- Estimated around £24m  $\pm$  33%
- LTAs + LEP
- Based on City + County area

# Devolution of Major Transport Scheme Funding

- Good transport is key to facilitate growth and help the economy
- Need to avoid adverse impacts – congestion, poor air quality, increase in carbon – hence need transport investment
- Need to maximise benefits by pooling resources where feasible

# Transport Major Schemes

- Schemes over £5m
- DfT handled everything
  - Initial discussions
  - Received the business cases
  - Assessed the scheme
  - Allocated funding if successful
- Localism – devolution to areas
- Local Transport Body
- Board need to do everything DfT used to do - but still using the same rules



# Role & Structure of the Board

- Three voting members – City, County, LEP
- One District rep – non voting
- City is the Accountable Body
- Need to publish & submit to DfT a prioritised list of schemes by July 2013 – schemes over £5m
- The Board needs to agree list in priority order
- Thereafter need to consider and approve business cases – requires resources & people
- Still need to comply with DfT guidance
- Need to invite comments on process & schemes post July

# Role & Structure of the Board

- LLTB is the assessor and fund holder
  - LTA's are promoters
- One off payment to LEP of £131,579 from DfT
- Restrictive guidance
- We have had to prepare an 'Assurance Framework' (AF) in line with DfT guidance
- Have had to employ independent consultants
- Need to employ auditors to ensure that the board is keeping to the framework
- Only DfT source of funding for 'Major' transport schemes

# Role of the LTAs – City & County Councils

- LTAs promote their own schemes – most joint
- LTAs fund all the ‘up front’ work themselves
- An onerous task with no guarantee of success
- Need to quickly get on with this development work to meet the required timetable over next two years
- Once approved by the Board, LTAs need to ensure delivery and spend to agreed programme
- All schemes need a local contribution
- Can mix with other funding eg developer, european

# The Assurance Framework

- Part One: Purpose, Structure and Operating Principles
  - Responsibilities of Members
  - Accountable Body
  - Administration
  - Transparency and Engagement
- Part Two: Prioritisation
  - The Long Listing and Short Listing Processes
  - The Prioritisation of the Short List
- Part Three: Programme Management and Investment Decisions – Draft Only
  - Scheme Assessment and Approval; VFM
  - Release of Funding, Cost Control, Conditions
  - Programme and Risk Management; Evaluation

# Leicester & Leicestershire Transport Board

- 'Assurance Framework' parts 1 & 2 approved by DfT
- Part 3 later in year – covers scheme assessment
- Any changes to AF need to be approved by DfT
- Very long list of schemes 'sieved' - *coarse*
- Long list then 'sifted' using DfT tool (EAST)
- Resulting short list prioritised, based on limited data
- Schemes can only progress after full business case prepared & assessed for compliance with Assurance Framework & 'Webtag'

# What we have to do today

- Approve 'Assurance Framework' parts 1 & 2
  - Part 3 later in year – covers scheme assessment
- Approve very long list, long list, short list of schemes
- Approve prioritised list of schemes
- Approve submission of prioritised list to DfT for info only

# What we have to do post July

- Will need to invite comments on process/schemes
- Approve Assurance Framework part 3 at appropriate time
- LLTB assess using AF and 'Webtag' when received
  - Need to employ independent consultants to carry out
  - *LTAs prepare full business case for selected schemes*
  - *LTAs submit cases to LLTB in good time*
- Receive DfT funds & allocate appropriately within profile
- Employ auditors to check on process & compliance with AF
- Receive monitoring reports and take any necessary action
- Actively monitor expenditure and take any actions

# Single Local Growth Fund

- LTB funds included in SLGF made available to LLEP alongside other funds
- Funding not ringfenced
- Further guidance awaited
- **NEED TO REVIEW IN LIGHT OF GUIDANCE**



# **Leicester and Leicestershire Transport Board**

# **Assurance Framework**

**July 2013**

Contact:

Garry Scott

Garry.scott@leicester.gov.uk

Leicester and Leicestershire Transport Board

New Walk Centre A6

Leicester

LE1 6ZG

Leicester and Leicestershire Transport Board, Assurance Framework 22.07.13

## **Leicester and Leicestershire Transport Board**

### **Assurance Framework July 2013**

#### **Introduction**

The Leicester and Leicestershire Transport Board is being established in response to the Government's firm intention to devolve funding for local major transport schemes to Local Transport Bodies (LTBs) from 2015. The Leicester and Leicestershire Transport Board (LLTB) is the LTB for Leicester and Leicestershire and is a voluntary partnership between Leicester City Council, Leicestershire County Council and the Leicester and Leicestershire Enterprise Partnership. A Leicestershire District Council will also be invited to join the Board, but in a non-voting advisory capacity. Leicester City Council acts as the accountable body for the LLTB.

The primary role of the LLTB is to decide which transport investments should be prioritised, to review and approve individual business cases for those investments, and to ensure effective delivery of the programme. It will ensure value for money and sound decision making.

The Department for Transport (DfT) requires each LTB to put in place an assurance framework, setting out their governance and working arrangements, and that these frameworks need to be submitted to, and approved by, DfT before any devolved funding will be transferred.

This is the assurance framework for the Leicester and Leicestershire Transport Board that is intended to cover the period of the post-2015 spending review period ie from April 2015 onwards. It may be amended following revised guidance from DfT or in order to better meet the local needs in the light of experience gained.

Evidence of the support of the LLTB members is shown in the letters attached in the appendix from:

- Leicester City Council
- Leicestershire County Council
- Leicester and Leicestershire Enterprise Partnership
- North West Leicestershire District Council, on behalf of the Leicestershire District Councils

The assurance framework follows the same structure as the DfT guidance:

#### **PART ONE: PURPOSE, STRUCTURE AND OPERATING PRINCIPLES**

#### **PART TWO: PRIORITISATION**

#### **PART THREE: PROGRAMME MANAGEMENT AND INVESTMENT DECISIONS**

**[Please Note: Part Three is draft only, subject to further development with DfT]**

## **PART ONE: PURPOSE, STRUCTURE AND OPERATING PRINCIPLES**

### **Name**

1. The Local Transport Body for Leicester and Leicestershire will be known as the Leicester and Leicestershire Transport Board (LLTB). The LLTB shall be established once the Department for Transport (DfT) has approved this Assurance Framework.

### **Geography**

2. The geographic area of the LLTB is based on the Leicester and Leicestershire Local Enterprise Partnership boundary. This is the area covering the whole of the administrative areas of Leicester City Council, Leicestershire County Council and the Districts of Leicestershire.

### **Membership**

3. The confirmed members of the LLTB are:

- Leicester City Council.
- Leicestershire County Council.
- Leicester and Leicestershire Local Enterprise Partnership.

The Leicestershire District Councils will be invited to nominate one Leicestershire District Council to represent all the Leicestershire districts with observer non-voting status.

4. There are three voting members consisting of:

- One City Council (City Mayor or nominated democratically elected councillor substitute, being a member of the Executive).
- One County Council (Leader or nominated democratically elected councillor substitute, being a member of the Cabinet).
- One Leicester and Leicestershire Enterprise Partnership (Chair or nominated substitute, not a Council representative, being a member of the LLEP board).

In addition there will be one non-voting member being one District Council (Leader or nominated democratically elected councillor substitute, being a member of the Cabinet) or another District Council (Leader or nominated democratically elected councillor substitute, being a member of the Cabinet) as substitute. The Leicestershire District Councils collectively will nominate the District Council. At its first meeting, and at any subsequent meeting when there is a substitute, the LLTB will vote to accept the representative District Council. The chair will alternate at each meeting between the voting members; the Leicester City Council member will chair the first meeting.

5. Membership will be reviewed annually and at other times by the Board as may be required. The LLTB has been set up in such a way so as to allow for future expansion if considered appropriate by the Board.

6. In order to ensure democratic accountability, the majority of voting members are democratically elected representatives (mayor and councillors). In the event of a membership review, the majority of voting members will always be democratically elected representatives.

### **Conflicts of Interest**

7. All individuals who are members of the LLTB will be required to disclose any potential conflicts of interest, at the beginning of each meeting, which may prevent them from making an impartial decision on either the prioritised programme or a particular investment or scheme. Depending on the nature of the potential conflict of interest, to be determined by the other voting members present, there may be a need to co-opt another member on to the LLTB for the purpose of making a particular decision. The co-opting member will be drawn from the nominated substitutes listed in paragraph 4 above. All such conflicts and co-opting will be recorded in the minutes of the meeting.

8. All members of the LLTB are required to regularly update a register of their interests, which will be made publically available on the LLTB website. Hard copy will also be made available to the public on request.

9. The elected representatives are required to abide by their own authority's code of conduct when conducting LTB business. Non-elected members of the LLTB will be required to sign and adhere to the constitution for the LLEP which is currently being prepared. This will be published on the LLTB website when available.

### **Gifts and Hospitality**

10. LLTB members are not allowed to accept any gift or hospitality from any individual or organisation who has a specific interest in any major scheme or other item of LLTB business. All gifts and hospitality offered must be declared on a publically available register, to be kept by the LLTB and published on the LLTB website, and clearly showing whether the gift or hospitality has been accepted or declined.

### **Status and Role of Accountable Body**

11. The LLTB is an informal partnership, and as such is a non-legal entity.

12. Leicester City Council is the accountable body. The primary role is to hold the devolved major scheme funding and make payments to the delivery bodies. It will account for these funds in such a way that they are separately identifiable from the accountable body's own funds, and provide financial statements to the LLTB as required. The funds will only be used in accordance with an LLTB decision.

13. The responsibilities of Leicester City Council as the accountable body include:

- Ensuring that the decisions and activities of the LLTB conform with legal requirements with regard to equalities, environmental and EU issues.

- Ensuring, through Leicester City Council's Section 151 Officer that the funds are used appropriately.
- Ensuring that this assurance framework as approved by DfT is adhered to.
- Maintaining the official record of LLTB proceedings and holding all LLTB documents.
- Responsibility for the decisions of the LLTB in approving schemes (for example if subjected to legal challenge).

Leicester City Council's Strategic Director City Development and Neighbourhoods has overall officer responsibility for ensuring that the above responsibilities are discharged.

14. Leicester City Council will be entering into legal agreements relating to both incoming funds and outgoing funding for schemes approved by the LLTB. As the LLTB is a non-legal entity, the City Council will be the focal point for any liabilities and is entering into agreements with the Leicestershire County Council (the LLEP being a non-legal entity, for which Leicester City Council is the accountable body). The City, County and District Councils are accustomed to working collaboratively and will ensure that these agreements are in place before the first meeting of the LLTB, to deal with risks associated with Leicester City Council being the host and accountable body.

### **Audit and scrutiny**

15. Independent local audits will be carried out by a qualified auditor and the reports of these audits will be submitted to DfT. The aim of each audit will be to verify that the LLTB is operating effectively within the terms of the agreed assurance framework. Any shortcomings identified within the audit will be reported to the LLTB and appropriate remedial action will be put into place. This is to avoid the risk of DfT withholding or recovering funding due to an adverse audit finding or because remedial action has not been taken in a timely manner.

16. The first audit will be undertaken during the 2013/14 financial year and a report will be sent to DfT no later than December 2014. Further audits will be carried out at least annually with the reports being submitted to DfT no later than December each year.

17. It is acknowledged that DfT will also undertake its own periodic assessments of the quality of appraisal and scrutiny within the LLTB, in order to test the extent to which the LLTB is discharging the responsibilities to deliver value for money. It is noted that the results of these assessments may be taken into account in determining future funding allocations.

### **Strategic Objectives and Purpose**

18. The primary objective of the LLTB is to decide which transport investments should be prioritised from the Local Major Transport funding programme, to review and approve individual business cases for those investments, and to ensure effective delivery of the programme. It will ensure value for money and sound decision making.

19. The LLTB will initially only cover capital transport funding from the DfT Local Major Transport funding programme. It is recognised that in order to maximise the benefits from whatever funding streams are available, there may be some merit in the LLTB taking on a role in respect of related funding streams as may be appropriate. This may enable the LLTB to have a complete picture of the overall funding package for any major transport infrastructure project.

20. The LLTB is responsible for the following in relation to devolved major scheme funding:

- Inviting promoters to submit schemes for prioritisation and programming.
- Ensuring value for money is achieved.
- Identifying a prioritised list of investments within the available budget.
- Making decisions on individual scheme approvals, 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, such as scheme slippage, scheme alteration and cost increases.

### **Support and Administration Arrangements**

21. The LLTB will secure the capacity and capability to undertake all the functions of the LLTB described in this framework. Leicester City Council will guarantee that the required support arrangements are in place. It should be noted that, having considered the initial amount of business to be transacted, at this stage it is considered that the LLTB would be supported from existing staffing resources at the City and County Councils due to:

- The relatively modest amount of money likely to be available.
- The small number of schemes likely to be taken forward.
- Peaks and troughs in the projected workload.
- Lack of continuity of workload.
- The mix of expertise, knowledge and skills that will be required, that will have to come from multiple sources.

It is intended that related transport funding made available through the LLEP and LTA's would support the work of the LLTB. Any required additional funding will be provided by both the City and County Councils on an equal (50/50) basis.

22. Leicester City Council will provide the following support:

- Administrative support by the Democratic Services Section as and when required, such as for arranging meetings and sending out the relevant documents.
- Legal support by the Legal Services Section as and when required; this is also front end loaded during the set up period.

- Financial support and advice by a named finance officer; it is estimated that this could amount to 20% of that officer's time; there will also be the input of the Section 151 officer.

23. Professional advice to the LLTB is given by officers as may be appropriate from both Leicester City Council and Leicestershire County Council. During the initial set up period the primary advice is from a Leicester City Council officer, supported by a Leicestershire County Council officer, including advice relating to the prioritised list of schemes; it is estimated that this amounts to 25% of the City officer's time. Following the initial set up period, an officer that is directly involved in any particular scheme will not have a direct involvement in the detailed consideration of that scheme, other than to present the scheme and answer any questions. Independent scrutiny of business cases may be resourced by:

- Appropriately skilled and qualified professional officers from Leicester City Council and/or Leicestershire County Council who have no direct involvement in the particular business case under consideration.
- The external employment, by Leicester City Council as the accountable body, of appropriately skilled and qualified consultants not involved in the particular business case under consideration.

24. The work of the LLTB is supported by a Leicester and Leicestershire Transport Executive Group (LLTEG). The main role of the LLTEG is to provide sound advice, support and professional guidance to the LLTB. This group consists of senior officers representing Leicester City Council, Leicestershire County Council, Leicester and Leicestershire Enterprise Partnership and one Leicestershire District Council. Beneath this sits the Leicester and Leicestershire Transport Advisors Group (LLTAG). This group is attended by officers from Leicester City Council, Leicestershire County Council, Leicester and Leicestershire Enterprise Partnership and Leicestershire District Councils. Representatives of bus companies, local business, chamber of commerce, together with local transport, cycling and environmental organisations are invited to attend. This is the main forum for transport discussion at operational and grass root level. Advice on specific programmes and schemes will be channelled into the LLTEG.

### **Working Arrangements and Meeting Frequency**

25. The LLTB will normally meet twice a year. Additional meetings will be held should the need arise, for example to consider a particular programme or scheme, in accordance with paragraph 28. The LLTB shall meet when determining the initial decision on the composition of the scheme programme and when making individual scheme investment decisions. The meetings of the LLTB will be open to the public and subject to a minimum five day notice period.

26. The intention of the LLTB is to give the right balance between the burden of an overly prescriptive regime of meetings whilst allowing for adequate public involvement.

## Transparency and Local Engagement

27. This section explains how the LLTB ensures a high level of transparency and ensures the involvement of the public and key stakeholders. The LLTB will adhere to the Local Government Transparency Code. The LLTB will have a dedicated web page which will be hosted by the City Council in the first instance; however this is expected to be moved to a dedicated LLTB website in the medium term. This will contain material accessible to the general public to help inform debate (particularly technical material such as modelling and appraisal). It will also contain a clear statement of the approach that will be followed by the LLTB when making major investment decisions. This statement is currently being prepared, however once agreed by the LLTB, it will be publically available on the LLTB website.

28. There will be at least five clear days' notice of any meeting of the LLTB. Details of the meeting will be posted on the Internet sites of Leicester City Council, Leicestershire County Council and the LLTB; and at the City Council's Offices. Leicester City Council will make copies of the agenda and reports open to the public available at the Council's Internet site and at the Council's Offices at least five clear days before the meeting. If an item is added to the agenda later, the revised agenda will be open to inspection from the time the item was added to the agenda. The LLTB regard the opportunity for meaningful input by the public and stakeholders as being very important. The LLTB will use best endeavours to comply with the above five day minimum notice period for reports being made available. However in very exceptional circumstances, where reports are prepared after the notice has been issued, and with good reason, each such report will be made available to the public as soon as the report is completed. The reason for the departure from the five day minimum notice period will be stated at the meeting and recorded in the minutes. It will be for the members at the LTTB meeting to accept or otherwise the reasons for the late availability.

29. Leicester City Council will publish the results of the LLTB decisions on its internet site and that of the LLTB, ensuring that the rationale behind the decisions is clearly explained and understood. This will include the expected outcomes for the schemes that it funds. Leicester City Council will make available copies of the following:

- The minutes of the meeting or records of decisions taken, together with reasons, rationale and expected outcomes.
- A summary of any proceedings not open to the public where the minutes open to inspection would not provide a reasonably fair and coherent record.
- The agenda for the meeting.
- Reports relating to items when the meeting was open to the public, including scheme business cases and evaluation reports.
- Funding decision letters with funding levels and conditions.
- The overall major scheme programme and individual scheme project programmes.
- Regular programme updates on delivery and spend against budget.



30. As the accountable body, Leicester City Council will deal with all information requests made under the Freedom of Information Act 2000 and the Environmental Impact Regulations 2004, in respect of LLTB business.

31. Leicester City Council on behalf of the LLTB will:

- Publish the necessary information on a timely and regular basis.
- Hold all LLTB papers and documents for at least six years.

### **Complaints and whistleblowing**

32. Any individual or organisation is entitled to make a complaint if they feel that the work of the LLTB is not being undertaken in accordance with the standards outlined in this Assurance Framework. Complaints made against the LTB will be treated in accordance with the Leicester City Council two stage complaints procedure, as amended and outlined below.

#### **Stage 1 – Making a complaint**

*Once a complaint has been received by the LLTB (or Leicester City Council as the accountable body), an acknowledgement will then be sent to you within five working days telling you the name and telephone number of the person to be contacted in the event of any further queries on your complaint.*

*If we can, we will sort out your complaint straightaway, but sometimes we may need a little longer to investigate and reply. We will however send a reply in writing to you within 15 working days or let you know when you can expect to hear from us.*

*Please note that where a statutory procedure or a formal appeals mechanism is in place, related complaints must be pursued via the statutory procedure and not the council's complaints procedure.*

#### **Stage 2 – Not satisfied with our response?**

*If when we respond you are not happy with the way we have dealt with your complaint, you may ask for it to be reviewed by a senior manager, from a different section to the one you're complaining about. You should expect a response within 20 working days.*

33. The LLTB members are committed to high standards of conduct and to compliance with legal obligations and good practice. They want malpractice to be pointed out and dealt with and they expect their employees, and others who help to deliver the LLTB services, to help with that. Employees are encouraged to raise genuine concerns as “whistleblowers”. Those who make public interest disclosures reasonably and in good faith will be protected from detriment such as victimisation or discipline. Often, that involves treating the disclosure confidentially, including protecting the whistleblower’s identity.

## PART 2: PRIORITISATION

34. This section deals with the prioritisation and development of a scheme programme, within the available DfT funding envelope, as required by July 2013. The appraisal and approval of individual scheme bids is dealt with in Part 3. Prioritisation involves sifting a long list of schemes down to a programme. The methodology being used to generate the prioritised list of schemes is set down below. This will be published on the LLTB website.

35. The identification of a prioritised and affordable list of schemes by July 2013 is being conducted on the basis of a limited set of criteria. The schemes being considered do not yet have a fully developed business case or a WebTAG appraisal completed. Available evidence is being used to inform decisions. Scheme promoters are also asked to provide outline supporting information wherever possible. The LLTB will then carefully examine all the information and data supplied to try to ensure rigour and consistency. Data quality is being verified by:

- Independent checks.
- Sample checks against other databases such as Trics.
- Examining data to check if it is broadly in line with past experience.

36. The LLTB will consider the funding for each prioritised scheme when a business case is completed and it is brought forward to the LLTB for approval. The LLTB will release the actual scheme funding after full approval.

37. The LLTB shortlisting and prioritisation of schemes involves the following stages:

- SP1. Producing a very long list of any potential candidate schemes
- SP2. A coarse sieve of the very long list to produce a long list
- SP3. Sifting of the long list down to a short list
- SP4. Prioritising the schemes on the short list into a programme
- SP5. Fitting the higher priority schemes in to the indicative funding envelope which will include a reserve scheme list in case one or more of the priority schemes are delayed or more funding becomes available

Schemes considered at the prioritisation stage do not need to have a fully worked up business case. An objective methodology is being used with a proportionate level of evidence. This includes a coarse sieve in SP2 to remove early on any schemes that are likely to perform poorly, followed by, in SP3, the DfT's Early Assessment and Sifting Tool (EAST). It would not be possible in the time and resources available to put all schemes through the full EAST assessment. The promoters of schemes that fit within the available funding envelope will then be invited to submit business cases in accordance with part 3.

38. The initial very long list of potential candidate schemes in Stage SP1 is being identified by an examination of:

- Candidate schemes from the former RFA process.
- Local Transport Plans.

- The Growth Infrastructure Assessment list of schemes.
- Recent potential schemes that have emerged, particularly to tackle growth.
- Community Infrastructure Levy list of candidate schemes.

39. The following strategic criteria are used at a high level to sieve the very long list of schemes down to a long list during Stage SP2:

- Deliverability including affordability.
- Economic impact.
- Carbon impact.
- Contribution to housing growth and the strength of developer commitments.
- Value for money.

40. Value for money is being assessed during this initial stage by:

- Benefit to cost ratios (BCR) where supplied.
- Comparing schemes of a similar nature by BCR where this information is supplied.
- Quantitative criteria such as impacts in busier areas, more populous areas, agglomeration benefits.
- Qualitative criteria such as impacts on particular groups or types of area.

41. Sifting of the long list down to a short list during Stage SP3 uses the DfT Early Assessment and Sifting Tool (EAST). This tool is designed to reject outliers, and those that have no chance of being implemented based primarily on qualitative information in individual policy areas (e.g. the scheme is rejected if it is impossible to deliver in the required timeframe). It is noted that, as implemented by the DfT, this tool does not allow comparison between schemes.

42. Prioritisation is a two stage process that uses the EAST parameters augmented with local parameters to measure LLTB policy areas. The first stage of the process is a qualitative assessment to narrow the list, whilst the second part monetises the outputs. The selection criteria includes the following policy areas:

- Value for money.
- Deliverability.
- Environmental impact.
- Social impact.
- Distributional impact.
- Economic impact.
- Housing growth.
- Contribution to objectives of Leicester & Leicestershire's Local Transport Plans.
- Public and political acceptability.

The transport objectives of Leicester & Leicestershire's Local Transport Plans include the following:

- Reduction in congestion and improving journey times.
- Reduction in carbon emissions.

- Improved public transport, outside City Centre (defined as outside Leicester's inner ring road).
- Improved public transport, inside City Centre (defined as inside Leicester's inner ring road).
- Improved connectivity.
- Improved safety and health.
- Improved air quality.
- Improved transport assets.
- Improved quality of life.
- Removal of barriers to housing and economic growth.

Local weightings are being developed and will be published on the LLTB website when agreed by the LLTB

43. The final Stage SP5 involves fitting the higher priority schemes in to the indicative funding envelope and profile, whilst being able to react quickly to  $\pm 33\%$  of the indicative figure, as suggested by DfT. A reserve scheme list will be maintained in case one or more of the priority schemes are delayed or more funding becomes available.

44. The LLTB ensures the above assessment criteria are not retro-fitted by adopting the criteria before schemes are determined.

45. The LLTB balances deliverability against other assessment criteria by:

- Having deliverability as a core requirement.

Deliverability is a vital part of the prioritisation equation, and the LLTB will not prioritise schemes if there is insufficient evidence to suggest that they can be delivered within budget and to timescale. The LLTB will normally only prioritise investments (for schemes) within the funding profile held by the LLTB on behalf of the DfT for LLTB spend up to March 2019. Based on current knowledge, the promoter would have to use other funding sources for any spend after March 2019. This is not to say that such schemes could not be funded from April 2019 onwards and the possibility of funding starting towards the end of the current period for completion during the next period cannot be ruled out, subject to DfT advising on the arrangements post March 2019.

46. Schemes which perform well against deliverability criteria will normally:

- Provide a local contribution of at least 20% of total scheme cost from the scheme promoter, potentially including money from section 106 planning agreements and the Community Infrastructure Levy (CIL). In exceptional circumstances, the local contribution may be reduced to an absolute minimum of 10% of total scheme cost.
- Set out the key milestones for delivery of the scheme, with realistic timescales for obtaining statutory consents, undertaking public consultation, completing the design and procuring a contractor based on a price that is within the proposed funding envelope.

- Include a basic risk assessment and mitigation strategy which can be used to judge the potential for increases to costs and timescales.
- Provide evidence of actual or potential public support.

47. The LLTB will engage with the Highways Agency and Network Rail on any strategic road or rail schemes that are to be considered for funding so that their views on deliverability and impact on the wider network can be considered and taken into account in the initial prioritisation exercise. In cases where schemes have any impact on train services the Train Operating Company and DfT (rail) will also be engaged.

48. The LLTB is aware of the opportunity to collaborate and jointly fund projects with their neighbours. The LLTB has contacts with neighbouring LTBs and will maintain these contacts, should a need arise in the future. There are no relevant opportunities during the initial prioritisation process.

49. The LLTB is required to publish and submit to DfT a prioritised list of schemes by July 2013. Although the individual schemes will not require DfT approval, the prioritised lists will provide DfT with important information on the overall deliverability of the programme and will form part of the evidence base for future Government spending rounds.

50. DfT require information on costs, funding, timescales, state of readiness etc. of schemes on the prioritised list to be comparable across areas. DfT will issue further guidance on this in due course. The LLTB will take this guidance on board once received.

### **Scheme eligibility**

51. Funding will only be considered for schemes that have a defined scope. These need not be 'traditional' majors and may include packages of measures. However the important thing is that the scope and composition of the scheme must be sufficiently well defined as to enable a meaningful appraisal to be conducted. Funding will not be passed on to promoters for loosely defined or unspecified uses. Devolved major scheme funding can be used only for capital expenditure. The LLTB will reject any schemes, which in the opinion of the LLTB based on the information supplied, are loosely defined or insufficiently specified.

52. The normal minimum cost threshold appropriate to the LLTB area is a total scheme cost of £5m. The LLTB intends to require a mandatory local contribution of at least 20% or exceptionally a minimum of 10%, of the total scheme cost. The LLTB may exceptionally reduce the minimum cost threshold, particularly in order to be able to fully utilise any surplus funds held by the LLTB (for example, those due to scheme underspends). The LLTB, taking into account the circumstances and funds held at a particular time, may offer less than the funding requested. It would be for the promoter to use best endeavours to secure alternative funding sources to cover for any resulting funding gap.

## PART 3: PROGRAMME MANAGEMENT AND INVESTMENT DECISIONS

### Scheme Assessment and Approval **[Please note Part 3 is draft only]**

53. Promoters (usually LA's) will, as previously, be responsible for developing scheme proposals and producing business cases. The LLTB will be responsible for assessing the business case and deciding whether or not to provide funding for the scheme, and on what conditions.

54. Every individual scheme approval decision made by the LLTB will be supported by an assessment of the scheme, carried out independently of the promoting authority and signed off by a named individual.

55. If appropriate in house capacity is not available, the LLTB will normally appoint appropriately skilled and qualified consultants (with appropriate experience in assessing Major Scheme Business cases developed under WebTAG guidance) to assess business cases at the Programme Entry stage, as defined below. These consultants will be separate from the promoter. The consultants will nominate a named individual who will be responsible for overseeing, and signing off, the business case assessment.

56. The LLTB intends to operate a five stage approval process (although the initial prioritisation exercise effectively covers stage 1):

1. **Strategic Business Case** – this initial stage will advise the LLTB of potential future schemes. At this stage the strategic outline business case must include a clear statement of objectives. A broad overview of the scope and an outline cost of the proposals must be included. Proposals must meet strategic policy objectives.
2. **Outline Business Case** – the proposal should now be in outline design, and should include a draft programme and risk assessment with an appropriate action plan for red risks. Constraints at a desktop level must also be identified. An outline Monitoring and Evaluation plan should be submitted. This stage is intended to give LA's confidence to proceed with developing their Major Scheme Business Case in detail, and to commission surveys and modelling work.
3. **Programme Entry** - it is at this stage a full detailed business case, following WebTAG must be submitted. This is not a guarantee of funding, or its timing, but is intended to give LA's confidence to proceed with the development of the scheme, and in particular to apply for necessary statutory powers.
4. **Conditional Approval** - this is an intermediate stage that normally occurs following the granting of statutory powers, but before a firm price for the works is established.
5. **Full Approval** - by formal agreement between the LLTB and the LA. This is only given once firm prices for the works are available, normally when tendering is complete. It will set out what is required of the both the promoter and the LLTB. The agreement will include the approved funding and programme, the

scope and detail of the scheme that has been approved, any specific conditions for the particular scheme, reporting, claims and audit requirements.

The LLTB must be notified within seven days of any changes of scope or delays in the approved programme. Full details will need to be submitted to the LLTB. There will be no automatic increase in funding from the LLTB. The LLTB will consider the merits of the submission and take into account any headroom in the overall funding profile held by the LLTB.

### **The Transport Business Case**

57. The LLTB will require that all scheme proposals meet the key principles of the DfT Transport Business Case guidance, with the assessment of a scheme set out according to five cases as follows:

- the strategic case
- the economic case
- the commercial case
- the financial case
- the management case

This will be required in outline at the Outline Business Case stage and in detail at the Programme Entry stage. Every funding bid should have a clear statement of objectives and the specific outcomes that the scheme is intended to achieve. This will enable the public and stakeholders to reach a clear judgement on the success or otherwise of the scheme when it is evaluated. The core of the economic case is the value for money assessment and this is discussed in more detail below.

### **Value for Money**

58. Value for money (VFM) is an assessment of the scheme costs against total investment. The greater the Benefit to Cost Ratio (BCR) of a scheme, the higher the value for money it is. Scheme benefits potentially encompass a wide range of economic impacts including:

- Journey time savings for individuals.
- Reduction in costs to businesses, transport operators and passengers.
- Increasing access to education and jobs.
- Increasing inward economic investment.
- Keeping roads open to traffic (especially freight).
- Reducing accidents / improving safety and security.

VFM may also take into account non monetised benefits, such as more general impacts on the local area, ambience and public realm.

59. The LLTB requires each scheme submission to be supported by appropriate modelling and appraisal proportionate to, and fit for purpose for, the scheme under consideration. WebTAG should be applied proportionately, based on the impact of the

scheme and the scale of the impacts. It is up to the scheme promoter to make the case for the proportionate use of WebTAG based on the type of scheme, modelling requirements, potential environmental impacts and projected social / distributional impacts. The scheme promoter will be required to produce a short Appraisal Scoping Report (ASR) which will summarise the proposed modelling and appraisal approach. The LLTB will be able to provide advice to scheme promoters on the use of proportionate appraisal.

60. The use of WebTAG is mandatory for all schemes. Scheme promoters will be required to conduct appraisals and value for money assessments using the DfT's WebTAG tool kit: <http://www.dft.gov.uk/webtag/>. Central case assessments must be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). The appraisal and modelling will be scrutinised by the LLTB and this will be undertaken independently of the promoting authority. This will be done either:

- If in-house capacity is available, by appropriately skilled and qualified professional officers from Leicester City Council and/or Leicestershire County Council who have no direct involvement in the particular business case under consideration.
- More usually by the external employment, by Leicester City Council as the accountable body, of appropriately skilled and qualified consultants not involved in the particular business case under consideration.

61. The LLTB will need to sign off the appraisal work before the outline business case is approved and the full business case submitted. The LLTB and independent specialists will be responsible for scrutinising the scheme appraisal and value for money case. The LLTB will, if necessary, appoint an independent expert to quality assure the internal work of the LLTB and any external advice.

62. At each stage of the last three stages of the business case approval, the LLTB will normally produce a Value for Money Statement (VfMS) which will summarise the economic case for the scheme, so that stakeholders can understand the potential costs, benefits and impacts. DfT guidance on the VfMS is available at: <http://assets.dft.gov.uk/publications/value-for-money-assessments-guidance/vfmguidance.pdf>.

63. Where appropriate, the VfMS will provide an overall Benefit to Cost Ratio (BCR) which will compare the monetised benefits with the costs (such as those in relation to journey time savings and the reduction in accidents). In purely monetised economic terms, the value for money of a scheme will be categorised as follows:

- Poor VFM if the BCR is less than 1.0
- Low VFM if the BCR is between 1.0 and 1.5
- Medium VFM if the BCR is between 1.5 and 2.0
- High VFM if the BCR is between 2.0 and 4.0
- Very high VFM if the BCR is greater than 4.0



64. Schemes with a BCR of less than 1.0 will not normally be funded. Schemes with a high value for money BCR of over 2.0 will have the best chance of being funded. This will not exclude schemes in the medium and low categories particularly if there are other non-monetised benefits. Therefore the VfMS will not only consider the directly monetised costs and benefits, as measured by the BCR, but will also consider wider appraisal evidence including in relation to:

- Wider economic benefits.
- Environmental impacts.
- Social / Distributional impacts.

65. The LLTB will approve the business case based on the VfMS and other evidence as appropriate and the sign off will be by a named officer.

66. Evaluation is an important element of VFM. It allows promoters and the LLTB to be able to demonstrate to stakeholders, the public and the Government that an investment has delivered as predicted. It also allows any 'lessons to be learnt'. Monitoring is defined as the collection of data to check progress against planned targets and benefits. Evaluation is defined as the assessment of the scheme effectiveness and efficiency during and after implementation. This includes measuring the causal effect of the scheme on planned outcomes and impacts and assessing whether the anticipated benefits and value for money have been realised. The results of evaluation and monitoring for each scheme will be published on the LLTB website.

67. Promoters must submit proposals for, and undertake monitoring and evaluation in accordance with the DfT guidance documents on evaluation available at: <http://www.dft.gov.uk/topics/appraisal-evaluation/evaluation> and also at <http://assets.dft.gov.uk/publications/local-majors-monitoring-evaluation/la-major-schemes-monitoring-evaluation.pdf>.

68. The outline business case should clearly state how the proposed scheme will be evaluated. Scheme promoters are expected to submit a detailed Monitoring and Evaluation Plan to the LLTB within 3-6 months prior to the Full Approval submission or before any data collection is programmed, whichever is the earliest. This plan will be assessed independently of the promoter, The LLTB will advise the promoter of any improvements required to the plan.

69. In most cases promoters will be expected to propose and implement a standard monitoring and evaluation plan, but in some instances enhanced monitoring may be required. If promoters require early guidance on the level of monitoring required, they should request this when they submit their outline monitoring and evaluation plan with the Major Scheme Business Case at the Programme Entry stage. The plan should include:

- The proposed before and after monitoring regime.
- The proposed approach to project management; and arrangements for monitoring its efficiency and effectiveness.

- The proposed timescale for post-scheme evaluation.

## **External Views on Business Cases**

70. Business cases will be published (and publicised) on the LLTB website for at least two months before funding approval decisions are made so that external comment is possible. Opinions expressed by the public and stakeholders will be available to LLTB members when decisions are being taken. There will be exceptions for any commercially sensitive information.

## **Release of Funding, Cost Control and Approval Conditions**

71. The LLTB scheme contributions will be capped with the promoting LA responsible for all cost increases. Funding can only be spent on the specified scheme and only on capital. Funding will only be released after the full approval stage and only in quarterly instalments (which can be suspended if spend is not keeping pace). The promoting LA section 151 officer must sign off applications for payment. However the LLTB may consider applications for a part contribution to cost increases on a one off basis and subject to the LLTB having sufficient funds available. Full supporting information will need to be submitted to the LLTB and there is no guarantee of any additional funding being made available.

72. All scheme promoters in receipt of LLTB funding are required to provide regular quarterly progress reports containing financial and delivery information to the LLTB, including a full outturn cost profile. No funding will be allocated to the scheme promoter until the full business case has been approved by the LLTB. The LLTB approval will contain:

- The overall agreed level of funding for the scheme.
- The agreed funding profile of the scheme.
- General approval conditions – eg capital expenditure only.
- Any scheme specific approval conditions (for example in relation to third party contributions, dates and format of progress reports).

73. Before any funding is released, the scheme promoter will need to accept the funding (and the conditions for its use) through confirmation of the section 151 finance officer that the money will be spent on the agreed purpose.

74. The scheme promoter will be responsible for submitting timely three monthly claims to the LLTB for payment in arrears, on dates specified by the LLTB and in a format to be specified by the LLTB. On receipt of the claim, the LLTB will then instruct the accountable body to release the funds to the scheme promoter. If the claim differs from the agreed funding profile, the scheme promoter will need to provide an explanation to the LLTB and there is no guarantee of funding outside the agreed funding envelope. Only actual costs can be claimed. In the event of a scheme under spend, the difference between the under spend and the Approved Budget must not be claimed. If a scheme is completed and it transpires later that - after outstanding

accounts are settled - there has been an under spend, any over claimed monies must be returned to the LLTB within 28 working days. LLTB monies cannot be transferred to fund other schemes without the approval of the LLTB. The LLTB will be mindful of the need to ensure that there is a mechanism in place to be able to make available any surplus funds held by the LLTB to promoters particularly in the case of scheme underspends.

75. The LLTB will regularly arrange audits of the expenditure by requesting evidence that it is being spent against the deliverables of the agreed scheme. The LLTB reserves the right to withhold future funding, or request the return of previous funding,

### **Programme and Risk Management**

76. The major scheme programme will initially run from April 2015 to March 2019. A realistic programme is essential to enable funding to be provided within the LLTB available funding envelope and profile. It is then necessary to plan expenditure to an agreed profile. In particular, project delays need to be brought to the LLTBs attention as soon as they are foreseen. There is no guarantee of funding outside the agreed profile for the scheme. A named LLTB officer will be responsible for overall management and monitoring of the major scheme programme.

77. For each scheme that is included in the four-year programme, the scheme promoter will be required to provide an initial project programme including estimated timescales for:

- Production of the business cases and all associated technical work.
- Progress of outline and detailed design.
- Statutory Orders.
- Public consultation.
- Scheme procurement.
- Construction.

As the business case work progresses, scheme promoters will need to provide timely updates on progress and provide an up to date register of project risks.

78. A programme risk workshop will be held to ensure all the risks are captured. All the risks identified will be registered in a risk management table. This will show the actions required to mitigate each risk, the owner of the risk and eventually the date of closure. The risk management table will be reviewed and updated every two weeks, new risks added, and any appropriate action will be taken immediately.

### **Contact Details:**

Garry Scott Tel 0116 252 6526  
Garry.scott@leicester.gov.uk  
Leicester and Leicestershire Transport Board,  
New Walk Centre A6  
Leicester, LE1 6ZG

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