

DERBY, DERBYSHIRE, NOTTINGHAM AND NOTTINGHAMSHIRE LOCAL TRANSPORT BOARD

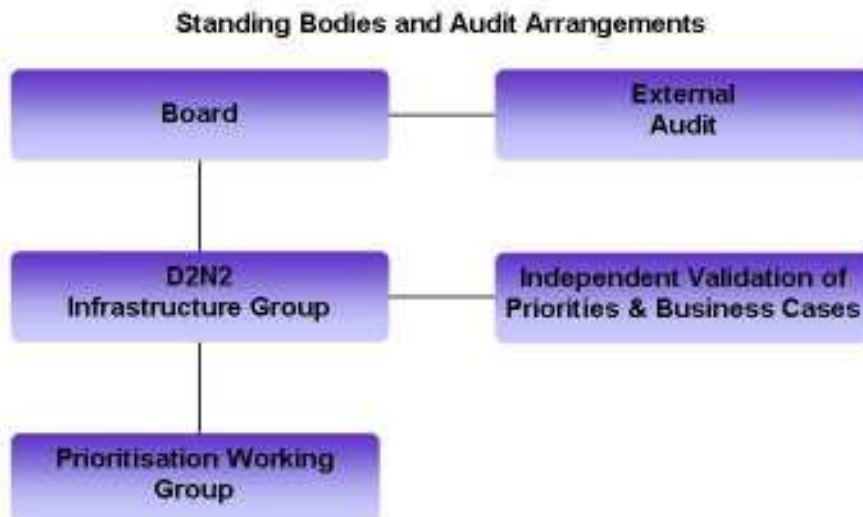
Introduction

This Assurance Framework sets out the approach being taken by the Derby, Derbyshire, Nottingham and Nottinghamshire Local Transport Body (the D2N2 LTB) to the administration of devolved funding for local major transport schemes. The LTB is a partnership formed for the purpose of administering this funding, covering the whole of each of the administrative areas of Derby and Nottingham City Councils and Derbyshire and Nottinghamshire County Councils. This is coterminous with the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (the D2N2 LEP). Parts of the D2N2 area also fall within the Sheffield City Region, reflected in the administrative arrangements set out in the body of this Framework.

The LTB will encompass a number of different groups. Its governing Board will be the decision-making body, a majority of its members being local authority elected Members. Its Infrastructure Group comprises the directors of highways and transport services for the local authorities and acts as Principal Adviser to the Board. The Prioritisation Working Group provides advice on the selection of projects. There is also a commitment from the LTB to seek and act upon external scrutiny of its decisions.

Assurance Framework

PART 1: GOVERNANCE



Terms of reference:

1. **Board Name:** Derby, Derbyshire, Nottingham and Nottinghamshire Local Transport Board

2. **Purpose:** to administer funding for major transport schemes to delivery bodies across the administrative areas of Derby, Derbyshire, Nottingham and Nottinghamshire.

3. **Membership:**

Voting members	Observers
<ul style="list-style-type: none">• Derby City Council (two members)• Derbyshire County Council (two members)• Nottingham City Council (two members)• Nottinghamshire County Council (two members)• Derbyshire district and borough councils (one member)• Nottinghamshire district and borough councils (one member)• Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership• Sheffield City Region Local Enterprise Partnership	Nominees of: <ul style="list-style-type: none">• Department for Transport• Highways Agency• Network Rail• Neighbouring LEP/LTBs as appropriate
	Occasional invitations to contribute: <ul style="list-style-type: none">• Transport operators
Principal Advisors to the Board (non-voting): D2N2 Infrastructure Group, comprising the Directors of highways and transport services for the relevant authorities.	

The Board, as set out above, comprises twelve voting members. Conditions of appointment are:

- i. Local Transport Authorities: membership rests with the post rather than with the individual, so councillors will be replaced if they change office. It is for each authority to determine which postholders are to act as its representatives.
- ii. Local Planning Authorities within Derbyshire and Nottinghamshire: it is for the constituency of planning authorities within each County to determine its own arrangements for selecting a representative, who is expected to sit for a minimum term of one year and a maximum of three years. It is also for the constituent authorities to determine how their joint interests should be represented and how those districts and

boroughs not directly represented should be engaged in the decision-making process.

- iii. D2N2 and SCR LEPs: a representative nominated by each LEP, who is expected to sit for a minimum term of one year and a maximum of three years.
- iv. Any co-opted member - would be reviewed annually by the Board with a maximum term of three years.
- v. In each case, substitutes may attend meetings where the nominated member is unable to do so, but should be able to provide written confirmation that they do so with the approval of the organisation represented.
- vi. Each member will be required to participate in decision-making in the best interests of the LTB whether or not these are consistent with those of their own organisation.

The Board will review its constitution after six meetings of the Board or every two years, whichever is the sooner.

4. Conflicts of Interest

Members of the Board are required to declare on appointment that they will act in the best interests of the area, not for their organisational or geographic interests.

The rules for declaring personal interest will be those that apply to councillors of Derbyshire County Council. A register of Board Members' interests will be maintained.

5. Gifts and Hospitality

The code of conduct for members of Derbyshire County Council shall apply to the Board. Officers shall, whether engaged in promotion of their own authority's interests or those of the LTB, be bound by the relevant code of conduct of their own employing organisation.

6. Accountable Body

The D2N2 LTB is an informal public-private partnership formed by the voting members specified above.

Derbyshire County Council shall be the accountable body, which will be responsible for the following:

- ensuring that the decisions and activities of the LTB conform with legal requirements with regard to equalities, environmental, EU issues etc.
- ensuring (through DCC's Section 151 Officer) that the funds are used appropriately.
- ensuring that the LTB assurance framework as approved by DfT is being adhered to.

- maintaining the official record of LTB proceedings and holding all LTB documents.
- responsibility for the decisions of the LTB in approving schemes (for example if subjected to legal challenge).

The Strategic Director – Environmental Services, Derbyshire County Council, will act as the advisor of the Accountable Body to the Board.

7. Audit and Scrutiny

The LTB undertakes to seek and to act upon the findings of an independent external audit of its activity on at least an annual basis. The findings of each audit will be considered by a Board meeting, and any remedial action required recorded within the minutes of that meeting.

The aim of each audit will be to verify that the LTB is operating effectively within the terms of its agreed assurance framework.

An audit will be undertaken between the establishment of the LTB and the start of devolution, with the report sent to DfT no later than December 2014. Auditing will be on an annual basis from 2015 once funding has been devolved.

8. Strategic Objectives and Purpose (Terms of Reference)

What the LTB aims to achieve:

- a transport network that promotes economic growth and prosperity, consistent with the D2N2 Growth Strategy, and meets social needs whilst minimising adverse effects on the environment;
- value for money.

What the LTB does:

- To identify a prioritised list of investments within the available budget
- To take decisions on:
 - individual scheme approval;
 - investment decision making; and
 - release of funding, including scrutiny of individual scheme business cases.
- To monitor progress of scheme delivery and spend.
- To manage actively the devolved budget and programme to respond to changed circumstance [scheme slippage, scheme alteration, cost increases etc].
- To act as a forum for the expression of views on other transport matters e.g. bilateral discussions with Network Rail, responding to wider consultations etc.

9. Support and Administration

Derbyshire County Council will provide support arrangements for secretariat and administrative services. The D2N2 Infrastructure Group will provide technical advice, assisted by the supporting Prioritisation Working Group.

The transport authorities will provide sufficient support to undertake the workload of the Board, taking into account any opinions of the Accountable Body or the Auditor. There will be named people who have specific roles with respect to the LTB. These roles will usually be part of their other duties, except when the workloads are such that some full-time or single purpose part-time roles are appropriate.

The LTB will form task and finish groups when required, which may comprise Board members and/or supporting officers. Its Prioritisation Working Group (PWG) has assisted with the drafting of this Assurance Framework and will play a role in the prioritisation process.

10. Working Arrangements, Transparency and Local Engagement

Meetings will be held in public and arranged in accordance with the rules operated by Derbyshire County Council's Democratic Services department.

There will be at least two meetings each year and thereafter to meet the business needs. Specifically the Board will meet:

- (a) to determine the initial decision on the composition of the scheme programme;
- (b) to make individual scheme investment decisions.

A chair and vice-chair for the Board will be elected on an annual basis.

Meetings will be deemed quorate when a minimum of nine voting members or their substitutes are in attendance, of whom a minimum of seven must be the nominated representative rather than a substitute. Each voting member carries a vote of equal weight. Where the voting members present are equally divided the chair will carry a casting vote. Where the elected chair is not present the vice-chair will exercise this function. No business requiring voting shall take place without either the chair or vice-chair being present.

The LTB will publish meeting papers and minutes and provide web access to scheme business cases and evaluation reports, funding decision letters with funding levels and conditions indicated, and regular programme updates on delivery and spend against budget. Materials will be hosted on the Derbyshire County Council website but each member organisation will provide a direct link to this from its own.

It is for individual member organisations to ensure that any schemes submitted to the LTB for funding have been subject to the appropriate procedures to provide public and stakeholders with input before decisions are made.

The LTB will adhere to Local Government Transparency Code. It will publish a clear statement of the approach that will be followed when making major

investment decisions. FOI and EIR requests will be dealt with in accordance with the relevant legislation.

The LTB will use Derbyshire County Council's complaints procedure.

11. Expenses and Allowances

The LTB will not under normal circumstances make any payments to cover the costs of attendance, which must be borne by the parent organisation of the attendee. Where it does choose to do so this will be for reasons, and within financial limits, agreed by the Board.

PART 2: PRIORITISATION

This section deals with the prioritisation and development of a scheme programme for the LTB, within the available funding envelope for the period 2015-16 to 2018-19. Subsequently the LTB will need to consider funding for each prioritised scheme when a business case is completed and brought forward for approval.

1. Assembly of an Initial List of Candidate Schemes

The LTB will invite each of its Board members to submit a small number of schemes for assessment, agreed through whatever is the appropriate approval process for the submitting organisation. In the case of the Local Enterprise Partnership (LEP) and other Board members (or the constituencies represented by them), initial agreement should have been reached with one or more of the transport authorities that the latter would be prepared to assist with later stages of preparation. Board members are at liberty to propose:

- Schemes on Highways Agency or Network Rail networks
- Packages of measures which could be delivered individually but where value is demonstrably added through their combination

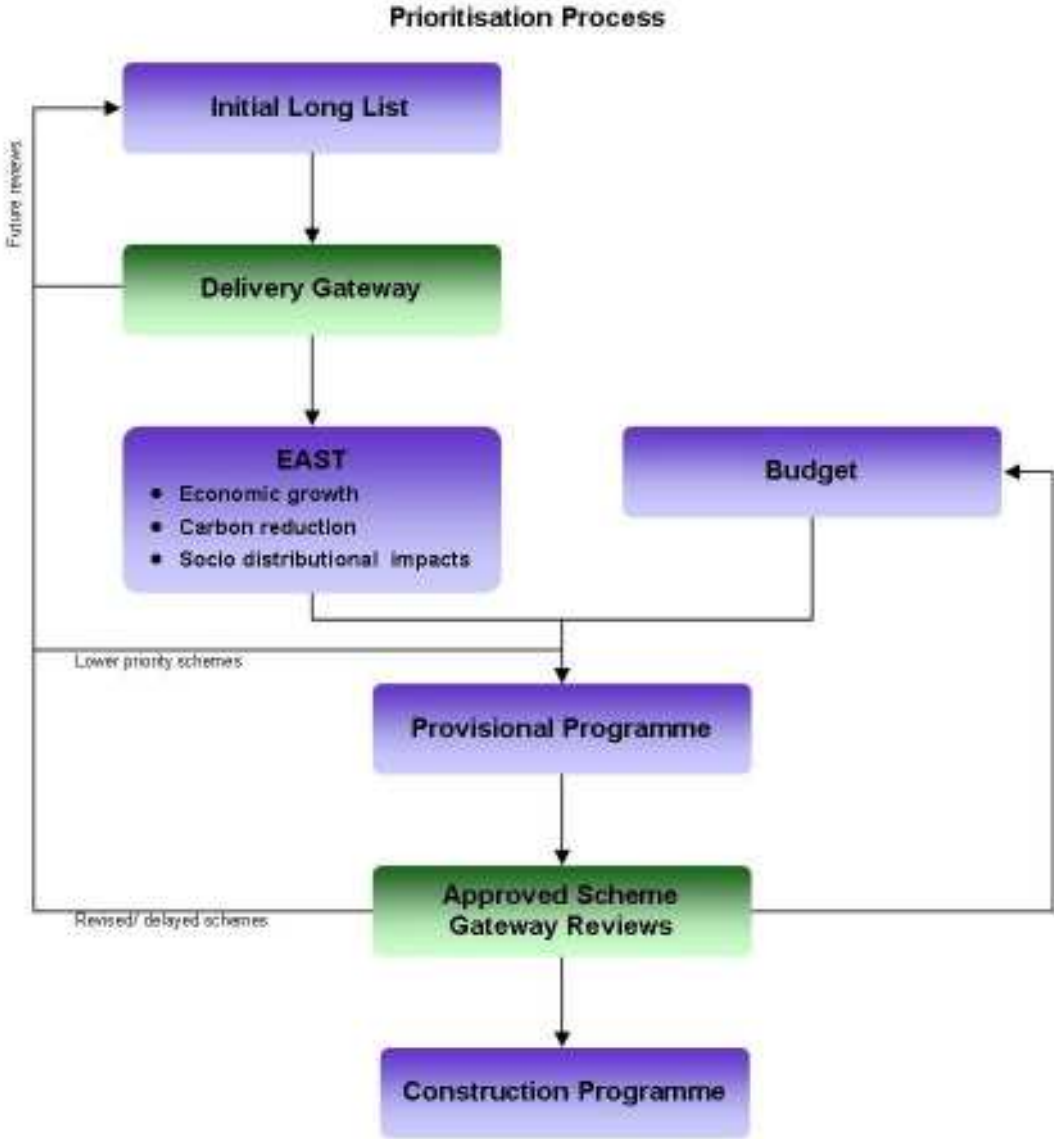
All proposed schemes or packages should require a minimum contribution of £2 million from the Infrastructure Fund ie excluding the local contribution (see below).

2. Methodology for Prioritisation

Following an initial gateway review (carried out initially by the PWG) to confirm deliverability within the scope of the funding period, each of the proposed schemes will be entered into the Department for Transport's Early Assessment and Sifting Tool (EAST), which is regarded as robust to take account of the LTBs own agreed criteria. The process to be followed includes criteria dealing with the promoting authority's capacity to prepare and deliver the scheme and seeks to ensure that a full range of alternatives has been considered. These criteria have been agreed by the LTB as the basis of its decision making, in advance of the invitation for promoters to submit potential schemes for consideration. The factual information will be provided by the promoter of the scheme, but the assessment of its impact against each of the criteria will be undertaken by the LTBs Prioritisation Working Group (PWG). Independent validation of the PWGs assessment will be sought from an agreed consultancy service.

It is inevitable, given the limited information which will be available at this stage, that the assessment of potential schemes involves judgements being made on likely (rather than quantified) impacts. In order to ensure objectivity and consistency the PWG will assess schemes by acting as a scrutiny panel; the authority promoting the scheme under discussion will take part only as a supplier of information and will not participate in the drawing-up of conclusions.

The Board has agreed that initial prioritisation of schemes will be undertaken on the basis of their performance against the Economic Growth criterion within EAST, with secondary criteria of Carbon Emissions and Socio-Distributional Impacts.



Value for money, at this early stage of scheme preparation, is taken into account primarily as a relative metric rather than absolute; there is not necessarily a calculated cost-benefit ratio for any scheme but its performance against agreed criteria can be compared with other candidate schemes.

As stated above, the LTB will assess deliverability of schemes both in terms of their own state of readiness and in terms of the capacity of the promoter to bring them forward. This will take place through an initial gateway review of deliverability, carried out before schemes are assessed against the EAST criteria.

It is recognised that because statutory processes and scheme appraisal are incomplete at the time of determining an initial programme of schemes there will need to be periodic review of the programme. This will take place on at least an annual basis.

3. Liaison Arrangements

The D2N2 Infrastructure Group, bringing together the directors of highways and transport services across the LTB, meets on a regular basis and invites representatives of the Highways Agency and Network Rail to attend as appropriate. This will ensure that they are fully sighted 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 sought.

LTB governance (Part 1 of this Assurance Framework) deals explicitly with the relationship between the D2N2 LEP and Sheffield City Region. Other key relationships are with the Leicester and Leicestershire LEP/LTB and the Stoke-on-Trent and Staffordshire LEP/LTB, and joint discussions over potential projects will take place as required. The LTB will always need to assess its own financial contribution to any joint or aligned scheme on the basis of benefits to the D2N2 area as well as overall benefits.

4. Scheme Eligibility

The LTB does not wish to impose 'generic' restrictions on scheme eligibility, preferring to assess proposals on their own merits, irrespective of whether they fall on local or strategic networks or comprise single interventions or packages. Schemes to be considered for funding will, in all cases, need to be supported by the information required by the proforma included as Appendix 1. Key elements of this are:

- That a local contribution of at least 20% is available subject to completion of required procedures
 - Scheme promoters are at liberty to propose local contributions greater than the minimum 20%
 - The promoter assumes responsibility for financial risk so that it is the local contribution which will need to increase in response to any increase in costs
- That the scheme description is accompanied by a clear statement of whether it must be introduced as a single intervention, or could be divided. If the latter, the promoter must make clear:
 - What benefits accrue from delivery as a single entity

- Whether phasing is possible or desirable

PART 3: PROGRAMME MANAGEMENT AND INVESTMENT DECISIONS

1. Scheme Assessment and approval

The D2N2 Infrastructure Group has overall responsibility for business case scrutiny and recommendation to the LTB. When necessary, it will commission an independent check of the promoter's proposal, that is using an individual or team that has not been responsible for drawing up the business case. There will be a model process for reviewing aspects of business cases that indicates the level of resource/expertise to be employed. This will be specifically refined for each business case assessment or review. In determining the level of scrutiny required, he will consider the following:

- the complexity of the scheme;
- the value of benefits to cost ratio;
- the apparent robustness of the economic, social and environmental impacts;
- the strength of public and stakeholder engagement;
- affordability and the certainty and security of sources of match funding.

The financial interests of the LTB will be protected by an approval regime that enables it to fulfil its responsibility to deliver value for money. A formal agreement will be made between the Derbyshire County Council (as the accountable body for the LTB) and the relevant LTA when funding is approved for a scheme setting out respective responsibilities, including reporting and audit requirements.

2. The Transport Business Case

Since the Secretary of State is accountable to Parliament for the major schemes block devolved to Local Transport Boards, individual scheme business cases must meet the requirements of the Department's Transport Business Case guidance.

The modelling and appraisal of schemes contained in business cases must be developed in accordance with the guidance published in WebTAG at the time the business case is submitted to the LTB for approval. Central case assessments must be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). The supporting appraisal and modelling will be scrutinised by the LTB. The D2N2 Infrastructure Group will determine the most appropriate methodology for doing this on a scheme by scheme basis. It will develop detailed procedures taking into account:

- how the assessment and scrutiny of business cases will be quality assured;
- mechanisms for providing early advice to scheme promoters on whether the study approach is fit-for-purpose, particularly in relation to modelling; and
- evaluation of Social & Distributional Impacts;
- how the LTB will ensure that WebTAG will be applied by scheme promoters in a proportionate and robust way;
- description of the circumstances under which external scrutiny or audit of the appraisal or modelling of schemes would be commissioned
- the processes by which all impacts of a scheme (monetised and non-monetised) are assessed;
- the approval stages and the thresholds required;
- place mechanisms to ensure that schemes are monitored and evaluated in line with DfT guidance on the evaluation of local major schemes;
- how evaluation and monitoring requirements will be set for individual schemes including funding;
- responsibility for undertaking evaluation, how minimum standards will be met and timescales for completion and decisions;
- exceptions.

A value for money statement must be produced for each scheme in line with published DfT WebTAG guidance for consideration by the decision making board at each approval stage. The VfM assessment must be signed off as true and accurate by the D2N2 Infrastructure Group.

The LTB normally only approves schemes that offer at least "high" value for money, as assessed using DfT guidance. In limited circumstances schemes offering lower than "high" value for money will be considered, and will be supported by minuted Board decisions specifying the rationale.

The LTB will ensure that the results of evaluation and monitoring are published and reviewed. It will ensure that an agreed evaluation plan is in place by the time the scheme is awarded final funding approval.

Best practice obtained from evaluation and monitoring reports will be shared with other Local Transport Boards and the Department for Transport through short case study briefing notes.

The LTB will maintain effective financial controls that mirror those of Derbyshire County Council. These will deal with release of funding, cost control and approval conditions.

The LTB will adopt scheme-specific systems for Programme and Risk management that are based on those of the appropriate LTA