

# GREATER CAMBRIDGE GREATER PETERBOROUGH ENTERPRISE PARTNERSHIP

## ASSURANCE FRAMEWORK

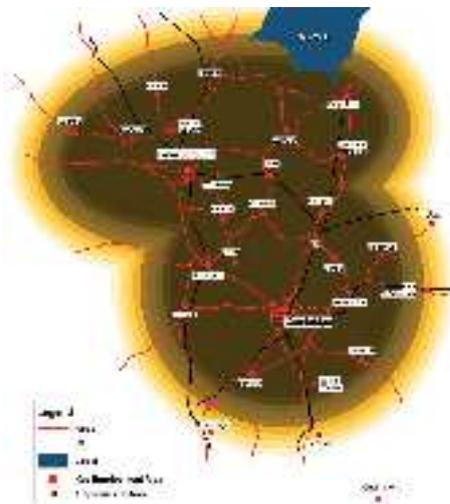
### *Scope, Structure and operating principles of the GCGP Local Transport Body*

#### *Introduction*

- 1.1 The DfT is aiming to devolve funding for major transport schemes to Local Transport Bodies (LTB's) from April 2015 onwards. Funding will be distributed on a per-capita basis to the LTB. In the Cambridgeshire, Peterborough and Rutland area this funding was anticipated to be circa £21 million over that period, however Government confirmed on 17<sup>th</sup> July 2013 that the allocation would be £14.1m with confirmation that most of the additional major schemes funding would be available for competitive bidding through the LEP's Strategic Economic Plan.
- 1.2 This document sets out an Assurance Framework for the LTB to outline the membership, roles and responsibilities and what the key processes will be for ensuring accountability, probity, transparency and value for money. The framework covers three areas: Part 1 sets out the membership, governance and working arrangements, Part 2 covers scheme prioritisation and Part 3 deals with scheme assessment and investment decisions. This assurance Framework needs to be signed off by DfT to confirm they are satisfied that the Assurance Framework meets their requirements in order for them to be able to devolve the funding.

#### **Name & Geography**

- 1.3 The Local Transport Body will be known as Greater Cambridge Greater Peterborough (GCGP) Local Transport Body.
- 1.4 The GCGP Local Transport Body (LTB) will encompass the areas of the local transport authorities (LTAs) of Cambridgeshire County Council (CCC), Peterborough City Council (PCC) and Rutland County Council (RCC). The LTB will have strong collaboration regarding transport matters with the districts and partner LTBs across the wider functional economic areas of the Greater Cambridge Greater Peterborough Local Enterprise Partnership (GCGP LEP).



**Figure 1:** Greater Cambridge Greater Peterborough LEP Area

## **PART 1 – MEMBERSHIP, GOVERNANCE AND WORKING ARRANGEMENTS**

### ***Membership***

- 1.5 The LTB will consist of voting and advisory members. The voting members will be the three LTAs: Cambridgeshire; Peterborough and Rutland, along with a GCGP LEP member. The three LTAs are expected to take the lead role within the LTB given their experience, expertise and resources and the democratic legitimacy they hold, working hand-in-hand with the GCGP LEP in support of driving economic growth.
- 1.6 The LEP is responsible for promoting economic growth; working in partnership with business to create the right conditions for continued economic prosperity across the area. The LEP has a strong interest in transport as a means of both enabling and supporting economic growth and reducing barriers and costs to businesses.
- 1.7 Local democratic accountability is a key requirement for the LTB and as such local Members have a key decision making role in the LTB. The relevant Cabinet Member for Growth/ Transport from each of the LTA's will be invited as Board Members in line with proposals outlined below. Democratic accountability will be assured as the LTB will be made up of a majority of elected representatives along with a voting Member of the GCGP LEP (the LEP representative will have a strategic LEP-wide remit and not be an elected Member from one of the districts/ LTAs). It is proposed that the number of elected members per LTA should be broadly based on the areas they represent. The voting membership of the LTB (seven members) is proposed to be:
- Elected Members from Cambridgeshire County Council 3
  - Elected Members from Peterborough City Council 2
  - Elected Member from Rutland County Council 1
  - Member of GCGP LEP 1
- 1.8 The chairman of the LTB will, in the first year, be an elected representative from Peterborough City Council, and will then be rotated annually at the discretion of the LTB.

***Role of the LTB and Strategic Objectives***

- 1.9 The overarching aim of the LTB is to agree and oversee the delivery of a programme of major schemes which will help to support the sustainable growth and continued prosperity of the Greater Cambridge Greater Peterborough area, in line with national and local transport plan policy objectives and the LEP's overarching vision and economic strategy for the area. In particular the LTB will:
- Take responsibility for ensuring value for money is achieved.
  - Identify a prioritised list of investments within the available budget.
  - Make decisions on individual scheme approval, investment decision making and release of funding, including scrutiny of individual scheme business cases.
  - Monitor progress of scheme delivery and spend.
  - Actively manage the devolved budget and programme to respond to changed circumstance [scheme slippage, scheme alteration, cost increases etc.].
- 1.10 There is agreement that the LTB's role should initially be focussed on agreeing and overseeing the delivery of the Local Major Schemes Funding programme. However where possible and appropriate the LTB will also act as a forum for the expression of views on area-wide transport matters, particularly as the LTB becomes more established. The role and focus for the LTB will be kept under review and revisited as required. The LTB will not propose or promote major schemes; this will be the role of the LTA's and GCGP LEP. The LTB will provide scrutiny and review of the major schemes put forward by promoters.
- 1.11 In terms of strategic objectives for the LTB, there is a wealth of strategy documents to rely on for this exercise including the Local Transport Plans for Cambridgeshire, Peterborough and Rutland, and the LEP's Growth Prospectus. Below is an outline of the objectives which have been integrated and rationalised from all three LTPs and Long Term Transport Strategies to provide the local policy context against which schemes can be assessed.

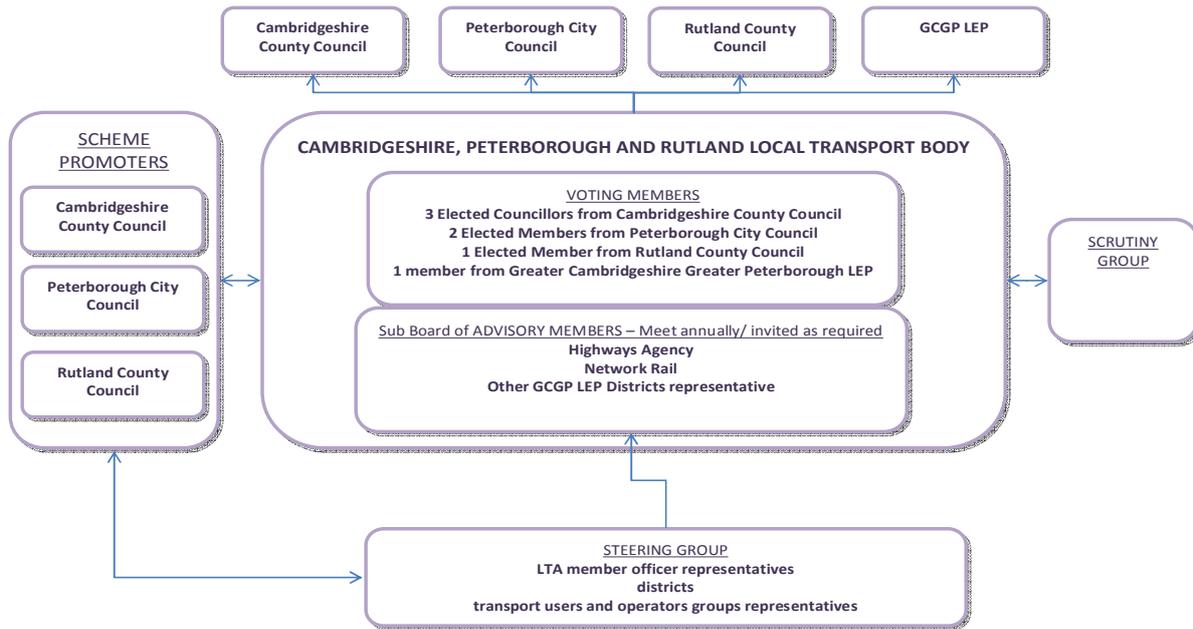
- Better accessibility, enabling people to thrive, achieve their potential and improve their quality of life.
- Managing and delivering the growth and development of sustainable communities.
- Maintaining high levels of employment and a thriving economy and protecting the rural economy.
- A brighter future for all, meeting the challenges of climate change & enhancing the natural environment and reducing the environmental impacts of transport.

***Figure 2 Integrated Policy Objectives***

***Working arrangements and Meeting Frequency***

- 1.12 A Sub Board will be formed to meet annually with representatives invited from the Highways Agency, Network Rail, GCGP LEP District Council representatives, other transport operators and local environment bodies to consider major schemes programme progress and related matters in support of the work of the LTB. Representatives will be invited also from the district Councils including those who form part of the GCGP LEP area, but are within overlapping LEP areas and not within the LTB boundary.
- 1.13 The LTB can also invite advisory (non-voting) members from the Highways Agency, Network Rail, other GCGP LEP District representatives, other transport operators and local environment bodies to attend Board meetings regarding related issues where relevant.
- 1.14 A Steering Group will support and report to the LTB. This group will include officer representatives from the LTA members. The Steering Group will be responsible for making recommendations to the LTB and reporting on progress, risks, funding updates and programme revisions. The Steering Group will be responsible for ensuring detailed development and assessment of major scheme proposals to be considered by the LTB. The Steering Group will be chaired by a LTA Senior Officer and will be responsible for liaising with the other LTA Senior Officer and supervision of recommendations to the LTB.
- 1.15 A 'shadow' Local Transport Body based on the voting membership above has now been established and has been meeting at least quarterly.
- 1.16 It is anticipated that the LTB will in future meet regularly – initially on a quarterly basis as dictated by needs to undertake necessary business. The requirement to meet may be less frequent once the programme has been agreed and work is underway to progress scheme development.
- 1.17 Some business will be carried out by the Steering group as outlined earlier, and where relevant sub groups can be established to progress strands of work. However as a minimum there will be a meeting of the LTB (which will be open to the public and subject to a minimum notice period) when determining the initial decision on the composition of the scheme programme and when making individual scheme investment decisions.
- 1.18 Figure 3 summarises the proposed LTB structure and key relationships.

CAMBRIDGESHIRE, PETERBOROUGH AND RUTLAND LOCAL TRANSPORT BODY



**Figure 3 – Proposed LTB Structure and Relationships**

**Accountable Body**

1.19 It is proposed that Cambridgeshire County Council will act as the accountable body. As such, Cambridgeshire agrees to hold the devolved major scheme funding and make payments to the delivery bodies. CCC will account for these funds in such a way that they are separately identifiable from the Authority’s own funds, and provide financial statements to the LTB as required. The Local Majors funding can and will only be used in accordance with an LTB decision. As the accountable body Cambridgeshire County Council will undertake the following responsibilities:

- Ensuring that the decisions and activities of the LTB conform to legal requirements with regard to equalities, environmental, EU issues etc.
- Ensuring (through 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 (e.g. if subjected to legal challenge)

1.20 All partner member LTAs will need to demonstrate conformity in their processes/ procedures and adhere to the Assurance Framework requirements in undertaking any work or delivering schemes on behalf of the LTB to ensure consistency and conformity.

- 1.21 The role of accountable body and (where relevant) scheme promoter will need to be strictly independent of each other to provide assurance of no conflict of interest.

***Scrutiny and Audit***

- 1.22 There is a need to enable independent and public scrutiny of decision making. Scrutiny of the LTB will be provided by a special meeting of Cambridgeshire County Council's overview and scrutiny committee, where membership will be extended to include relevant Members from Peterborough and Rutland. It is expected that the meeting will take place once a year or as required.
- 1.23 The LTB will have in place arrangements for independent local audits to be carried out by CCC's independent auditor, and will submit the reports of these audits to DfT annually. The aim of each audit will be to verify that the LTB is operating effectively within the terms of its agreed assurance framework.

***Reviewing Membership***

- 1.24 The LTB chair will be agreed by LTB members and will be undertaken on a rotating basis. The Shadow Board has agreed that Peterborough City Council will act as chair for the LTB for this first year.
- 1.25 Membership of the LTB will be considered annually to review whether membership should be extended to ensure representation in key areas and in line with the agreed role and responsibility of the LTB across the LEP geography. Membership can be reviewed beyond this in exceptional circumstances where there has been an agreed change to the role or level of responsibility of the LTB for the group.

***Transparency and engagement operating principles***

- 1.26 Terms of Reference will be developed for the LTB, in line with the assurance framework to clarify the modus operandi of the group and agreed protocols, role, responsibilities, membership and key objectives and outcomes. This will include issues such as nominated deputies, and definition of a quorum. An inaugural meeting is proposed to agree Terms of Reference and membership.
- 1.27 LTB Board meetings will be held in public providing an open forum for debate and decision making. All LTB Board papers, technical reports which support decision making and scheme business cases will be made available including publication on the [www.cambridgeshire.gov.uk](http://www.cambridgeshire.gov.uk) website.
- 1.28 The LTB will adhere to Local Government Transparency Code. All FOI and EIR requests will be dealt with in accordance with the relevant legislation.
- 1.29 Any complaints received regarding work or processes of LTB or Members will be fully investigated in accordance with relevant local authority complaints processes and escalated where necessary.

***Administration, Support and Resources***

- 1.30 The work of the LTB will be managed by a Secretariat which in the first instance will be provided by Cambridgeshire County Council as the accountable body and will include the following support:
- Day to day administrative functions such as the preparation of meeting papers – minutes, agendas, working papers, progress reports, information reports, decision reports etc.

- Web page to update on the LTB development / organisation and on specific consultation events as appropriate.
  - Updating this Assurance Framework based on the evolving role of the LTB.
  - Advice to LTB members on specific governance, transparency and probity issues, and updating guidance as necessary.
- 1.31 A lead officer, will be identified from each LTA partner to support the work of the LTB. In addition, an independent lead technical officer will be appointed to develop the programme and co-ordinate work across the three LTAs on behalf of the LTB. This lead officer will, in consultation with the Strategic Director for Finance / Section 151 officer, be responsible for ensuring that the budget required for undertaking the LTB's work is secured and adequate for the purpose.
- 1.32 A dedicated LTB budget will be put in place which will include contributions from each of the LTB member organisations. The focus will be on what resources are expected to be required for the LTB over this first year to develop the programme of priorities and undertake any necessary scrutiny and consultation. However, there will be a need to ensure ongoing commitment and support and partner organisations will be expected to demonstrate in principle support and resources for the LTB during the prioritisation process, for the period to 2019 and potentially beyond.
- 1.33 At the April GCGP LTB Board meeting the Board agreed financial support from the LTA's & LEP to support the establishment of the LTB and development of the programme of priority schemes including appointment of independent advisors to oversee the development of the programme of major schemes and to provide on-going, independent advice to the LTB Board. An independent advisor is now in place and has provided oversight and recommendations to the LTB Board on the prioritisation process and the recommended programme to be provided to DfT in July 2013. The role includes providing advice and skills to the scheme promoters and managing the review and authorisation of individual scheme assessments of the schemes going forward.
- 1.34 Subsequent resources will be required for ongoing independent scrutiny of business cases when put forward by the promoting LTAs, ensuring that any conflicts of interests are managed and minimised. The Steering Group be responsible for commissioning work to support the LTB and ensuring that the effectiveness of the work is kept under regular review.
- 1.35 The Steering Group will review the resources required to ensure the LTB can fulfil its independent role, identify any gaps and propose any resource requirements to the LTB. The Steering Group will seek to ensure the resources proposed enable DfT's assurance framework requirements to be met, including the need for independent review and assurance, in consideration of what is effective and efficient for the LTB member organisations.

***Conflicts of Interest and Hospitality***

- 1.36 Decisions on the prioritisation of investment for major scheme funding will be made on an objective basis, using robust business cases to provide evidence on:
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- Fit with LTB member objectives;
  - Value for money; and
  - Deliverability.
- 1.37 Under no circumstances will decisions be made on the basis of organisations' subjective interests or individuals' personal gain. Members will be asked to declare whether they have any interests' up-front when proposals/ schemes are being discussed.
- 1.38 All members of the LTB will be required to produce and regularly update a register of their interests, which will be made publically available on the web site of the LTB. All members of the LTB will be required to sign and adhere to their authority's Member Code of Conduct.
- 1.39 LTB members will not be allowed to accept any gift or hospitality from any individual or organisation that has a specific interest in any major scheme. A clear policy on the acceptance and declaration of gifts and hospitality will be developed, maintained and available for scrutiny. This will conform to the existing local authority systems and standards, and where appropriate activities related to LTB business will be covered.

## **PART 2 - PRIORITISATION**

### ***Scheme Identification, assessment, Prioritisation and Programming***

- 2.1 The programme for the LTB will be developed to identify schemes which are deliverable and offer maximum benefit and value for money for the functional economic area of the GCGP area. This will help to ensure that investments prioritise schemes which help to unlock and address key barriers to growth.
  - 2.2 As a first step, each of the LTAs/ promoters will be asked to identify candidate schemes for their areas and to put these forward for consideration, provided that they demonstrably meet the criteria outlined in Figure 4 overleaf. A proforma will be provided to capture consistent information on each proposal.
  - 2.3 The proposed process for scheme identification and development will be as follows and will be overseen by the Steering Group:
    - Scheme identification and compilation of a long list of schemes identified from local transport plans, strategies and Local Plans, together with other more detailed infrastructure plans that may exist. The long list will be a comprehensive set of schemes including those expected, or with the potential, to be funded by others during the timescale, together with those outside of immediate affordability or delivery constraints. All schemes in the list will be given a common cost base for comparability.
    - Review this long list to identify schemes and assessment of fit with the devolved major schemes funding approach in terms of deliverability, affordability within the funding allocation, or being below a minimum cost threshold. The schemes are proposed to undergo a high level assessment in line with Figure 4 to determine eligibility and develop a short-list.
    - Development of a set of criteria and weightings to enable a multi-criteria assessment of the short-listed schemes in line with DfT's major scheme assurance requirements. Figure 4 sets out possible criteria for assessing the short-list of schemes for consideration and agreement.
    - Application of the criteria and weightings to the short-listed schemes scoring each scheme against the range of strategic fit and deliverability aspects.
    - Identification of a small number of suggested schemes to be subject to further review and independent scrutiny to enable the formulation of a prioritised programme.
  - 2.4 Figure 4 (on the following page) sets out the proposed criteria which are to be used to assess scheme eligibility from the long list to sift down to a short-list which will then be assessed to determine priorities.
  - 2.5 When assessing proposals, consideration will be given to strategic fit and deliverability and including more specifically: fit with existing policy including LEP and regional objectives such as assisting in the delivery of jobs and delivery of development as well as affordability – schemes must be less than the total major scheme funding available and deliverability and current state of development – schemes must be able to be built or substantially completed between 2015 and 2019.
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2.6 There also needs to be consideration of minimum cost threshold – schemes must normally have a capital cost value of greater than £2 million (unless there is an exceptional case for a scheme falling below this threshold and the scheme is strategic in nature) and there should be a level of stakeholder support for the intervention as a means to understanding the risk of delivery. There is also an expectation that there should be a local contribution towards proposed schemes, and clarity regarding the ability for the scheme to draw on other funding.

- **Purpose** - The proposal should primarily be a transport scheme, i.e. located on the highway, railway or waterway and with specific user groups in mind (e.g. motorists, bus passengers, cyclists etc).
- **Cost threshold and type** - The scheme would be expected to normally cost at least £2,000,000 (unless exceptional case made) and must be capital spending which creates a physical asset
- **Strategic impact** - Schemes that primarily address localised issues at one location are not generally considered as “major”. Schemes therefore need to show how they positively affect the wider area or provide significant benefits.
- **Scheme type** - These could include highway improvements, integrated transport packages, rail improvements, waterways and major maintenance.
- **Contribution to policy objectives** -The schemes need to show how they contribute to policy objectives (see figure 3), in particular schemes should demonstrate contribution to economic prosperity and sustainable growth.
- **Funding sources** - Major scheme funding should be sought where there are no other realistic options.
- **Deliverability** - The proposed scheme needs a reasonable degree of public support; and should be both affordable and deliverable within a clearly defined timescale
- **Financial requirement** - A local contribution of at least 10% of scheme costs must be included in the bid, unless the LTB consider exceptional circumstances. A local contribution can be made up of both local authority and other third party funding.

***Figure 4 – Draft Eligibility Criteria for Major Scheme funding***

2.7 Where a scheme is deemed to be eligible, the scheme promoter must use the DfT’s Early Assessment and Sifting Tool (EAST) methodology to ensure that the required information is included to enable a robust prioritisation exercise to be undertaken. The outcome of this will feed into the prioritisation process as set out in Figure 5.

2.8 The scheme promoter must then submit the scheme for prioritisation within the required timescales, which will subsequently be reviewed by the LTB Steering Group. Further guidance for scheme promoters will be published to ensure a consistent level of information available for use in the prioritisation exercise. Further clarification or information may be required at this point. However, the LTB reserves the right to decide not to include a scheme in the prioritisation process if key information is missing or if it is not based on a robust set of assumptions.

- **Value for money** – value for money based on Benefit Cost Ratio (BCR) and wider economic benefits.
- **Environmental and social distributional impact** – potential benefits and adverse impacts.
- **Contribution to objectives** – LTP objectives (figure 2) and the LEP objectives
- **Deliverability** – affordability, practicality, key risks, key milestones and stakeholder / public support.
- **Financial requirement** – percentage local contribution.

***Figure 5 Draft LTB Prioritisation Criteria***

2.9 The LTB prioritisation methodology will be developed based on best practice guidance.

2.10 The LTB prioritisation methodology will assess each candidate scheme against the strategic criteria shown in Figure 5. The methodology will make use of Multi Criteria Analysis (MCA) which can, where appropriate, assign weightings to ensure that higher priority objectives are used as the basis for scheme prioritisation.

2.11 Value for money is where "economic" benefits of the scheme exceed the costs of investment and future maintenance / operation. The greater the Benefit to Cost Ratio (BCR) of a scheme, the higher the value for money it is. Value for money assessments will, at the prioritisation stage, be based on available quantitative and qualitative criteria. On the quantitative side, schemes which affect busier / congested parts of the highway network or larger areas of population may receive a higher value for money score. Any existing scheme-specific economic / financial modelling can also be used to assess benefits. Qualitative information may point to benefits for certain target areas or populations; and could also use evidence of the success of similar schemes elsewhere. The important issue is that key assumptions are made explicit and subject to robust challenge.

- 2.12 The LTB will make decisions on which schemes to prioritise, based on a high level assessment of contribution to objectives, value for money and deliverability within timescales and available budgets. The LTB will be assisted in its decision making by the Steering Group. If a scheme is prioritised by the LTB the promoter will then have to undertake an appropriate level of business case work in order to provide the LTB with the information it needs to approve the scheme for procurement and construction.
- 2.13 Figure 5 outlines the prioritisation criteria. Further consideration may be given regarding the relative weightings in line with proposals above.
- 2.14 Environmental and social and distributional impacts are another key element of the value for money equation. Scheme promoters will need to be mindful that there could be both potential synergies and conflicts between these. The business case work must make any such synergies and conflicts explicit and should propose suitable mitigation where relevant. Economic and community impacts include:
- Increasing access to essential services.
  - Regenerating urban centres and neighbourhoods.
  - Reducing local and global environmental impacts of transport.
  - Reducing energy consumption.
- 2.15 Evidence of contribution to objectives (outlined in Figure 2) will be a qualitative assessment, although there will be a need to consider if there are particular objectives (e.g. economic development) which are considered to be a higher priority for major schemes.
- 2.16 Deliverability will need to be assessed rigorously as the LTB cannot prioritise schemes if there is no evidence that they can be delivered within budget and to timescale. Schemes where funding requirements exceed the total amount of money available to March 2019 cannot be considered for funding as part of this investment period. This is not to say that such schemes could not be funded from April 2019 onwards.
- 2.17 There is a substantial body of work to be undertaken to assess, prioritise, and agree a programme of investment for the 2015 to 2019 devolved major scheme funding programme. This is planned to be completed by end July 2013.

## **PART 3 – SCHEME ASSESSMENT AND INVESTMENT DECISIONS**

### ***Scheme Appraisal and Value for Money***

- 3.1 Individual scheme business cases must meet the requirements of the DfT's Transport Business Case Guidance and WebTAG with appropriate proportionality, reflecting the scale and nature of the individual scheme. It is recommended that the LTB agree the scope of the WebTAG appraisal before any substantive work is undertaken to ensure proportionality, based on cost of the scheme and the scale of the impacts.
- 3.2 It will be up to the scheme promoter to make the case for the proportionate use of Web TAG based on the type of scheme, modelling requirements, potential environmental impacts and projected social / distributional impacts. The LTB Steering Group will need to agree the use of proportionate appraisal in line with DfT guidance on the VfMS is available at: <http://assets.dft.gov.uk/publications/value-for-money-assessments-guidance/vfmguidance.pdf>.
- 3.3 For all schemes, the central case scheme assessments will be required to adopt the latest NTEM (DfT planning dataset) forecasts and this approach will, if appropriate, be supplemented with locally specific land use change figures set out in Local Development Frameworks. Alternative planning assumptions may be considered through sensitivity testing.
- 3.4 A scheme promoter may wish to produce an Appraisal Scoping Report (ASR) for approval before submitting an Outline Business Case (OBC) and finally a FBC for full approval. It is for the scheme promoter to decide whether to seek ASR and OBC approval before proceeding to develop a FBC, as this depends on the inherent risks involved on potential abortive work and scale of funding requirements.

### ***Scrutiny and Review of Business Cases***

- 3.5 The LTB technical officer, under the direction of the Steering Group will be responsible for scrutinising the scheme appraisal and value for money case. The LTB will, if necessary, appoint an independent expert to quality assure the work of the Steering Group and external advice. This will be particularly important if a scheme is particularly controversial or is based on an innovative approach.
- 3.6 At the April 2013 GCGP LTB Board meeting the Board agreed financial support from the GCGP LEP to support the establishment of the LTB and development of the programme of priority schemes including appointment of independent advisors to oversee the development of the programme of major schemes and to provide on-going, independent advice to the LTB Board.

- 3.7 An independent advisor is now in place and has provided oversight and recommendations to the LTB Board on the prioritisation process and the recommended programme that was submitted to DfT in July 2013. The role includes providing advice and skills to the scheme promoters and managing the review and authorisation of individual scheme assessments of the schemes going forward. Advice on the requirements for proportionate assessment for individual schemes will also be provided. The LTB, as well as going forward as a Transport sub-group within the Local Enterprise Partnership structure, commission independence advice to ensure appropriate capability and skills to undertake independent assessments.
- 3.8 At each stage of a business case sign off, the LTB will 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. The results of the independent assessment will be published as supporting papers for the LTB, and through this made available to promoters and the wider public. Where appropriate, the VfMS will include 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).
- 3.9 Schemes with a BCR of less than 2:1 will not normally be funded unless wider appraisal evidence provides a compelling case for investment. Such compelling circumstances could include where a scheme is required to unlock a barrier to growth, deliver wider economic benefits, environmental and or social / distribution impacts. Where this occurs scheme promoters will be required to justify the investment through provision of an evidence base and a proportionate quantitative analysis of benefits not included in the central benefit-cost analysis, and to demonstrate how these help deliver LTB objectives, to enable a comparative assessment of the economic case and comparison of the value for money with other schemes in the programme.
- 3.10 The LTB Technical officer (who will be independent of the promoting authority) will be responsible for scrutiny and signing off on Value for Money Statements, and business cases ahead of consideration and approval by the LTB.

***Quality Assurance and Sign-Off***

- 3.11 An LTB Technical officer has been appointed as the officer with overall responsibility for business case scrutiny and, along with officer steering group, making recommendations to LTB on findings. Alongside this scrutiny, the S151 officer also has a key role to play in overseeing the value for money assessments and signing these off at key stages of the business case development. It will be important to ensure that the S151 officer is satisfied that the schemes continue to offer value for money at each key stage outlined below once the schemes have been included in the programme. Decision making rests with the LTB Board, and going forward with the LEP Board. The role of the S151 Officer will be separate from the scheme promoter as this officer will have responsibility for signing off assessments and value for money statements on the basis of independent advice, avoiding any issue of potential conflict of interest.

- 3.12 Every individual scheme approval decision made by the LTB will be supported by an assessment of the scheme, carried out independently of the promoting authority and signed off by a named individual.
- 3.13 The process for the LTB assessment and approval of a major scheme will be as follows:

- **Stage 1 – Prioritisation and inclusion in the programme** based on information submitted by the scheme promoter. Approval to proceed to Full Business Case, proportionate to the funding requirements.
- **Stage 2 –Development of Full Business Case (FBC)**, obtaining any necessary statutory consents and the procurement of a contractor to build the scheme to a detailed design.
- **Stage 3 – Assessment of the FBC and approval to sign contract** and commence construction (subject to Highway Authority approval).

***Figure 6 – LTB Assessment and Approval Process***

- 3.14 Once the scheme has been included on the programme, the promoter will be required to provide evidence that the scheme is still value for money and deliverable (and therefore should remain in the prioritised programme). The LTB will need to approve the promoter's business case submissions before the next stage of work can be commenced. The LTB can decide to withdraw a scheme from the programme if the scheme isn't progressing or the business case does not provide the required assurance of value for money. The scheme promoter is responsible for all business case costs as there will be no funding available from the devolved budget. LTB assessment and approval decisions will be based on expert advice provided by the technical officer and independent specialists as necessary.
- 3.15 Each Promoter will submit quarterly monitoring reports to the LTB technical officer which will confirm the programme and budget for each scheme identify any changes and highlight any key issues. These reports will be similar to the process in place for DfT major schemes. This information will be used to identify scheme specific risks and issues, and will enable the overall programme to be managed
- 3.16 Scheme promoters are responsible for informing the LTB of any changes to the scope of the scheme, the costs and implementation timescales. The LTB will be responsible for assessing the impact of any changes on the overall scheme programme and working with the promoter to address any specific issues. There are no guarantees that the LTB will be able to meet any cost increases either in full or part. Delays to the scheme may mean that it is not possible to allocate funding within the period up to March 2019. In this case, the LTB may decide to re-prioritise the programme and bring forward another scheme that is deliverable within the timescales.

### **Agenda Item no. 3**

- 3.17 As part of stage 3 approvals, the LTB will clearly set out the conditions under which the devolved funding will be spent – specifically to deliver a capital asset based on an approved scheme design which has a contractor’s price and spending profile. Funding applications from scheme sponsors must be supported in writing by the Section 151 officer of the promoting authority, thereby guaranteeing the local contribution to the scheme and signifying acceptance of all risk for cost increases.
- 3.18 Final business case approval based on final, agreed price will be required to secure release of funds. As the Accountable Body, CCC will be responsible for ensuring any such conditions are adhered to.
- 3.19 There will be an opportunity to review where necessary high level requirements for the Assurance Framework where there is local discretion e.g. thresholds for eligibility of major schemes or levels of local contributions required, to ensure that these are appropriate and in keeping with the purpose of major schemes funding.

***External Scrutiny of Business Cases***

- 3.20 The scheme sponsor must engage relevant stakeholders as part of the business case development process and include the results of this engagement in the business case documents.
- 3.21 Upon completion, all scheme promoters will be required to make business case documents available (excluding any commercially sensitive documents) on the LTB webpage, well in advance of LTB meetings, where a decision to approve will be considered.
- 3.22 A form will be provided on the website to enable members of the public to make comments on proposals and these will be collated and shared with LTB Board members ahead of meeting to consider schemes. The minimum time that business cases should be publicly available for comment prior to a funding decision being made by GCGP LTB is six weeks.

***Scheme Monitoring and Evaluation***

- 3.23 The LTB will establish a mechanism for the monitoring and evaluation of schemes, which will reflect DfT evaluation guidance.
- 3.24 Promoters will, as part of the Full Business Case, be required to clearly set out their proposed approach to monitoring and evaluation. The monitoring and evaluation will be funded by the Promoter. The LTB and their independent advisors agree this plan as part of the 'sign-off' process, and will ensure that subsequent evaluation is undertaken in line with guidance, and will have a role in the scrutiny and review of findings.
- 3.25 The LTB will agree the monitoring and evaluation plan with the Promoter, but the expectation is that the Promoter will be required to publish an initial report based on data collected at least one year post scheme opening, and a final report based on both one-year-after data and further data collected approximately five years after scheme opening published. The results of the evaluation will be independently reviewed and will be made available including publication on the [www.cambridgeshire.gov.uk](http://www.cambridgeshire.gov.uk) website.
- 3.26 The LTB will prepare and publish a periodic programme evaluation update that will summarise the evaluation of individual schemes. We anticipate that this will be an annual update report, though the timing will be informed by the availability of individual scheme evaluations. As part of this the LTB will consider the performance of schemes, identify key scheme issues and review the success of the evaluation process. Through this the LTB will identify and share best practice to ensure on-going monitoring and evaluation is efficient and effective, and that key lessons are used to inform scheme development and assessment.

***Programme Monitoring and evaluation***

- 3.27 The approval regime that is adopted by the LTB will ensure that the financial interests of the LTB are safeguarded and assured and will enable it to fulfil its responsibility to deliver value for money. There will be formal agreements in place between the LTB and the LTA when funding is approved for a scheme, including funding agreements setting out respective responsibilities, milestones and deliverables, including reporting and audit requirements.

- 3.28 No funding will be allocated to the scheme promoter by the Accountable Body until the full business case has been approved by the LTB. There will be a formal agreement between the LTB and LTA delivering the scheme including provisions regarding eligibility of expenditure, cash flow and cost escalation. It is proposed that the following approval decision structure and thresholds are adopted. The LTB funding agreement will contain:
- The overall agreed level of funding for the scheme.
  - The agreed funding profile of the scheme.
  - General approval conditions – such as the fact that money can only be used on capital expenditure.
  - Any scheme-specific approval conditions (for example in relation to third party contributions).
- 3.29 Before any funding is released, the scheme promoter will need to confirm acceptance of the funding (and the conditions for its use) and that the money will be spent on the agreed purpose.
- 3.30 The agreed funding contribution from the LTB will be capped; and any cost increases will have to be borne by the scheme promoter. The scheme promoter will be responsible for submitting timely three monthly claims to the Accountable Body for payment in arrears in line with the agreed funding profile. On receipt of the claim, which accords with the agreed funding profile, the Accountable Body will release the funds to the scheme promoter. However, if the claim differs from the agreed funding profile, the scheme promoter will need to explain to the LTB.
- 3.31 Scheme promoters will need to provide timely updates on progress in order for the programme to be managed effectively. As the Accountable Body, Cambridgeshire will regularly monitor and audit the expenditure by requesting evidence that it is being spent against the deliverables of the agreed scheme. Cambridgeshire will also advise the LTB of any concerns that it has. The LTB reserves the right to withhold future funding, or request the return of previous funding, if it believes the money is not being spent on the agreed purpose.

***Programme and Risk Management***

- 3.32 The major scheme programme will initially run from April 2015 to March 2019, and a realistic and deliverable programme will be developed to deliver during this timeframe. For each scheme that is included in the four-year programme, the scheme promoter will be required to provide an initial project programme. This should include 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.

- 3.33 Any risks to the delivery of the scheme programme should be made clear from the outset and monitored regularly. A robust system of project and risk management will be put in place for the individual schemes overseen by the LTB Board building on arrangements already in place for our existing major schemes programme. This will enable spend profiles to be effectively monitored and managed. Appropriate and proportionate mechanisms will be established for independent assurance including the identification of named responsible officers or external parties.