

HERTFORDSHIRE LOCAL TRANSPORT BODY

12 FEBRUARY 2013

DEVOLUTION OF MAJOR TRANSPORT SCHEME FUNDING:

- **ASSURANCE FRAMEWORK**
- **INITIAL SHORT-LIST OF SCHEMES**
- **PRIORITISATION CRITERIA**

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1 Purpose of report

1.1 The purpose of this report is:

- To present the draft Assurance Framework for endorsement by the Hertfordshire Local Transport Body (LTB)
- To present the initial Short-List of candidate schemes and proposed prioritisation criteria for endorsement by the LTB.

2 Summary

2.1 The DfT has set out proposals for the devolution of major scheme funding from DfT to Local Transport Bodies (LTBs).

2.2 The DfT has determined that Local Transport Authorities (LTAs) will be the 'accountable bodies' for LTBs. Hertfordshire County Council will therefore be the accountable body for the Hertfordshire LTB.

2.3 DfT guidance, published in November 2012, outlined a requirement for LTB governance arrangements (known as the Assurance Framework) to be submitted to DfT for sign-off in February 2013.

2.4 As the accountable body, Hertfordshire County Council is responsible for initiating the set-up and work programme of the Hertfordshire LTB.

2.5 The proposed Assurance Framework for the Hertfordshire LTB is set out in Appendix 1. Hertfordshire County Council's Cabinet will be requested to approve these proposals for submission of the Assurance Framework to the DfT at the Cabinet meeting on 25th February 2013.

2.6 Following this, LTBs are required by DfT to produce a prioritised programme of Major Scheme expenditure (for the period 2015-19) to inform DfT by July 2013. In order to achieve the DfT's deadline, an initial endorsement of a Short-List of candidate schemes and proposed prioritisation criteria for Hertfordshire is required now from the Shadow LTB board.

2.7 It is proposed that the next Shadow Local Transport Body board (12th March 2013), will consider the LTB's recommended list of prioritised schemes and endorse a prioritised list for approval by Hertfordshire County Council's Cabinet

(as the accountable body for the Local Transport Body) and subsequent submission to the DfT. This will be a public meeting.

- 2.8 It should be noted that inclusion on the Priority List does not automatically result in award of funding for any schemes. Each scheme will subsequently go through a full approval process, as set out in the Assurance Framework (mirroring the DfT's previous approval process), before funding is awarded to it by the Local Transport Body and accountable body.

3 Recommendations

3.1 It is recommended that the shadow Local Transport Body:

- Notes the DfT's guidance on Assurance Framework regarding the devolution of major transport scheme funding to newly formed LTBs
- Endorses the Assurance Framework for a Hertfordshire LTB for submission to HCC Cabinet on 25th February and then DfT by end of February (see section 5 and Appendix 1).
- Considers and endorses the initial Short-List of candidate schemes and prioritisation criteria that will be considered by the Local Transport Body (see section 6 and Appendix 2).

4. Background

4.1 Following a public consultation in Spring 2012, the DfT published proposals in September 2012 to set out how *Local Major Schemes* will be allocated funding in the future. '*Local Major Schemes*' comprise those large-scale transport infrastructure projects that are generally unaffordable to local areas through conventional transport funding, and includes the following:

- Local authority large projects (e.g. Croxley Rail Link, Baldock Bypass)
- Highways Agency projects (e.g. A1 improvements)
- Network Rail projects

4.2 Under previous arrangements, promoters of local major schemes sought funding through the Regional Funding Allocation (RFA) process, which was then approved by DfT. Following the abolition of the regional tier of Governance, and with it the RFA process, the DfT has proposed allocating 'Local Major Scheme' funding and decision-making directly to local areas.

4.3 The key points from the DfT proposals are as follows:

- New 'Local Transport Bodies' will be responsible for establishing, managing and overseeing the delivery of a programme of local major scheme priorities (potentially including some trunk road and rail schemes) beyond 2015.
- 'Local Transport Bodies' will be based on the LEP geographic areas, and would receive a funding allocation from DfT to spend on Local Major Schemes (based on a formula linked to the population within the LTB area).

- The Government would like LTAs and LEPs to take influential roles in the decision-making arrangements of LTBs. However, membership of the LTB is ultimately to be decided locally.
- It is expected that the LTA would be the accountable body on the LTB, through which funding would be administered.

4.4 Guidance published by DfT on 23rd November 2012 set out the detailed requirements for LTB *Assurance Frameworks* (governance arrangements) to be submitted to DfT in February 2013. The draft Assurance Framework for the Hertfordshire LTB is set out in Appendix 1.

5 Assurance Framework for a Hertfordshire Local Transport Body

5.1 The DfT requires assurance that in devolving responsibility and funding for Major Schemes to local areas, the LTB is fit for purpose to assume the role previously undertaken by DfT. The Assurance Framework sets out how the LTB will satisfy the requirements of the DfT's Assurance Framework guidance document.

5.2 The key responsibilities of the LTB, as proposed by the DfT are:

- To ensure LTB governance arrangements are robust, transparent and proportionate
- To ensure there is adequate control and stewardship of funds
- To ensure that decision making is fair and transparent and based on robust evidence
- To ensure the programme of Major Schemes meets, tests and delivers Value for Money.

5.3 All the key details are set out in the draft Assurance Framework (Appendix 1), however the key points to bring to the attention of the Local Transport Body board are set out in the remainder of this section.

Governance - Membership and status of the LTB

5.4 The status of the Hertfordshire LTB will be '*A body which makes recommendations on the prioritisation and approval of Major Transport Schemes to the Accountable Body*'. The accountable body is Hertfordshire County Council.

5.5 The Assurance Framework for Hertfordshire's LTB sets out the following core members of the LTB:

- Hertfordshire County Council (*chair and accountable body*)
- Hertfordshire Infrastructure and Planning Partnership (*Chair of HIPP – District Rep*)
- Hertfordshire LEP (*business rep*)
- Highways Agency (*observer status*)
- Network Rail (*observer status*)
- Transport for London (*observer status*)

- 5.6 County Council and HIPP representatives on the LTB will be elected councillors and therefore provide the democratic accountability required by DfT. The County Council representative on the LTB board would be the *Executive Member for Highways and Transport* (who would also be the chair of the LTB Board).
- 5.7 In addition to the core members, a ‘virtual’ *Advisory Group* comprised of existing County partnerships or groups will provide guidance to the LTB decision-making process. Whilst the Advisory Group would have no formal decision-making powers, it would ensure that the LTB members adequately considered all local issues and provide additional transparency to LTB decision-making through invitation to comment on key proposals. Proposed members of the Advisory Group, in addition to the core members above, are outlined in Table 1.

Table 1: Membership of the Advisory Group

Individual members
District Authorities x 10
Transport Operators
Health and Wellbeing Rep
Environment Rep
Businesses (including freight operators)

Adequate control and stewardship of funds

- 5.8 The Assurance Framework, in accordance with the DfT’s requirements, sets out that Hertfordshire County Council, as the accountable body, will also take on the following responsibilities:
- ensure that the decisions and activities of the LTB conform with legal requirements with regard to equalities, environmental, EU issues etc.
 - ensure (through their Section 151 Officer) that the funds are used appropriately
 - maintain the official record of LTB proceedings and holding all LTB documents
 - assume responsibility for the decisions of the LTB in approving schemes (for example if subjected to legal challenge)
 - ensure that the LTB Assurance Framework is being adhered to.
- 5.9 The LTB structure and decision-making process is outlined in Appendix 3 of the Assurance Framework. The Assurance Framework sets out that the LTB will make recommendations to the accountable body. Hertfordshire County Council, as the accountable body, will then ensure all key LTB recommendations are compliant with the above requirements through Cabinet approval.
- 5.10 In order to ensure that DfT funding is only spent on Major Transport Schemes, the DfT requires LTBs to define what constitutes a major transport scheme, and how it will manage funding to ensure it is allocated for this purpose. The Assurance Framework therefore sets out the following definition of a major scheme:

- “A transport intervention*
- *of strategic-level significance*

- *for which all constituent parts are intrinsically linked as part of one project*
- *with a total capital cost exceeding the threshold value requiring publication of a Contract Notice in the OJEU (currently £4,348,350)”*

Fair and transparent decision making

- 5.11 The LTB will be required to identify and undertake a programme of technical work in order to develop the programme of major schemes for 2015 onwards.
- 5.12 The Hertfordshire LTB is responsible for recommending an initial shortlist of prioritised candidate schemes (see Section 6). The LTB will subsequently assess individual scheme business cases that are submitted and recommend the approval of funding (or not) for the scheme.
- 5.13 In order to maintain fair and transparent decision making, the Hertfordshire LTB will have a clear distinction and adequate separation between its *scheme promotion* work-stream and *scheme scrutiny* work-stream, to ensure that the LTB is receiving and considering impartial advice on the merits of (potentially competing) business cases:
- The provision of business case advice for candidate schemes (and subsequent technical advice on these) to the LTB will be the responsibility of the Major Projects Unit.
 - The provision of technical advice to the LTB regarding the scrutiny of the business cases will be the responsibility of the Head of Service Transport Planning.
 - These two work-streams will remain independent of each other, to ensure separation of scheme promotion and scheme scrutiny advice to the Local Transport Body. Each work-stream can utilise independent consultancy support, where required, to aid transparency.
- 5.14 Decision-making will be transparent through the public availability of all key LTB meeting papers and technical work. A Hertfordshire LTB website will be created in order to hold a library of key documents.
- 5.15 The LTB will also ensure that public consultation is held before approving funding for any Major Schemes, and will consider issues raised by the Advisory Group and the public, before making any recommendations to the accountable body regarding scheme approval.

Ensuring value for money

- 5.16 In devolving funding to the Local Transport Body, DfT requires assurance that major transport scheme appraisal will be undertaken in accordance with the DfT guidance. The Assurance Framework therefore sets out a major transport scheme business case development and approval process which is sympathetic to the DfT's existing process.
- 5.17 This process requires scheme promoters to follow the DfT's web-based Transport Appraisal Guidance (WebTAG) when developing schemes for LTB approval. This includes a module on demonstrating value for money.

6 Initial LTB Short-List of major schemes

6.1 The DfT requires LTBs to develop a list of Priority Schemes by July 2013. An initial Short-List of candidate major schemes for 2015-2019 is attached in Appendix 2. The Shadow Board is requested to provide comment on, and endorse this short-list of schemes, before it is sifted further.

6.2 The Short-List has been developed through the process outlined in Table 2:

Table 2: Process to arrive at short-list of schemes in Appendix 2.

Stage / List	Description
Pre-qualification List	A review of all source documentation for potential major transport schemes in Hertfordshire.
Long-List	Pre-qualification list reviewed to remove duplicate schemes, completed schemes, "dead" schemes and non-eligible schemes (according to the LTB definition of major transport schemes). All (12) remaining schemes were by default, taken forward to the long list.
Short-List	Sift long list in accordance with the DfT's Early Appraisal Sifting Tool (EAST) to create the short list which contains schemes which can feasibly be implemented 2015-19. The completed EAST forms are available on request.
Priority List	More detailed appraisal of schemes on short list using EAST and prioritisation criteria (Appendix 2) to identify priority schemes for the 2015-19 period to submit to LTB for funding (and to submit to DfT).

6.3 Details of the Pre-Qualification List and the Long-List were presented in Cllr Pile's invitation letter circulated to LTB Members in early January 2013.

6.4 The criteria to be used to sift the Short-List further to create the Priority List (i.e. the schemes to be put forward for funding in 2015-2019) is outlined in Appendix 2. The Board is requested to comment on, and endorse these prioritisation criteria. The Short-List and Prioritisation Criteria would then be circulated to the Advisory Group to for comment.

6.5 The Board will be presented with feedback from the Advisory Group, and subsequent options for prioritisation at the next shadow meeting in March.

7 Next Steps

7.1 The DfT timetable is set out in Table 3.

Table 3: Proposed LTB Development Timetable

Indicative date	Proposed activities
February 2013	LTBs to submit proposals for sign-off and governance, financial management, accountability, and meeting and testing value for money to DfT.
July 2013	LTBs to have agreed their programme of priorities for delivery after 2015. <i>Note – it is proposed that Hertfordshire can determine the Priority List by March 2013, in advance of the DfT's deadline of July.</i>

7.2 The detailed work timetable for the LTB is set out in Appendix 3.

8. Financial Implications

8.1 The County Council (as the Local Transport Authority) will be the accountable body for the major scheme funding allocated to the LTB. It is proposed that the funding would be administered on behalf of the LTB through the County Council's existing finance processes, in accordance with the DfT's guidance.

8.2 The DfT has outlined that Hertfordshire's indicative allocation for the period 2015-2019 would be £27.8m (+/- 30%).

8.3 There will be some resource costs in supporting the work of the LTB. It is intended that this will be funded through existing budgets.

Appendices

Appendix	Location
1. Draft Hertfordshire LTB Assurance Framework	<i>Attached as separate report</i>
2. Short-list of LTB Candidate schemes and prioritisation criteria	<i>Attached below</i>
3. Proposed LTB Work Programme	<i>Attached below</i>

Appendix 2 – Short-List of LTB Candidate schemes and prioritisation criteria

‘Short-List’ of LTB candidate major schemes

The following table presents:

- The schemes that have greatest potential for delivery in 2015-2019 and therefore can progress to the ‘**Short-List**’ for consideration by the Local Transport Body.
- The schemes that already have funding provisionally allocated from other sources (i.e. the **Contingency List**) but need to secure the endorsement from the LTB through this process.
- The schemes that will remain on the Long-List (and not progress at this stage).

Transport Scheme	Notes / justification
To progress to Short-List:	
✓ A120 Little Hadham Bypass	Could potentially be delivered 2015-2019
✓ A602 Stevenage to Ware Improvements	Could potentially be delivered 2015-2019
✓ Maylands Hemel Hempstead Regeneration Scheme	Could potentially be delivered 2015-2019
✓ Watford Junction Interchange Redevelopment	Could potentially be delivered 2015-2019
✓ A1(M) J7-J8 Stevenage Capacity Improvements	Could potentially be delivered 2015-2019
To place on ‘Contingency’ List (i.e. schemes that already have funding provisionally allocated from other sources but require LTB endorsement):	
- Abbey Line Watford to St Albans Improvement	The scheme will be funded using the existing funding arrangements and subsidies within the rail industry with completion date not determined at this stage but expected before 2019.
- Croxley Rail Link (Watford Metropolitan Line Extension)	Project has been approved for funding via DfT Major Schemes. Also funded via future revenue from farebox; and third party contributions with completion expected in 2016.
- Hatfield Station Interchange	Funded via LTP, S106 and Network Rail, with completion expected in 2015.
Schemes to remain on Long-List (and not progress to Short-List) at this stage of sifting:	
✗ A120 Capacity Increases north of Bishop’s Stortford	It is anticipated that this project is to be funded as a result of proposed ASR development and/or Stansted expansion when those schemes progress.
✗ County Wide Quality Network Partnerships	Whilst this scheme in part meets the criteria for Major Project Funding, it is more effectively and appropriately funded via the Block Allocation.
✗ A1184 Sawbridgeworth Bypass	EAST sifting process has demonstrated unlikely to be deliverable 2015-2019
✗ Crossrail 2 (Hertford to Broxbourne)	Not required to be delivered in 2015-2019 as the Crossrail 2 project is not due for completion until 2034 and the chosen route has not been funded or agreed.

Local Transport Body - Prioritisation Criteria

For the major transport schemes:

- A **pre-qualification list** of all potential candidate schemes has been developed.
- From this pre-qualification list a **long list** has been created – by removing duplicate schemes, completed or dead schemes and non-eligible schemes.
- From this long list a **short list** has been created - by removing those schemes that cannot be implemented in the 2015-19 funding period.
- What remains now is to apply prioritisation criteria to the short list to get a **priority list**.

It is suggested that prioritisation should be on the basis of **deliverability** and then support to the **Local Transport Plan Goals**.

1) Deliverability will be assessed for the 2015-19 period and will draw on the DfT's EAST assessment (Early Assessment and Sifting Tool), specifically:

- The strategic case:
 - any key uncertainties highlighted
- The managerial case:
 - Implementation timetable
 - Public acceptability
 - Practical feasibility
 - Quality of the supporting evidence
 - Key risks
- The financial case
- The commercial case

There will not be a numerical output from EAST for this – rather it will be a matter of interpreting the information and coming to a view on the certainty of deliverability / level of risk. It is suggested that a five point scale could be used for assessment:

Score	Description
1	High risk to deliverability 2015-19
2	Some risk to deliverability 2015-19
3	Should be deliverable 2015-19
4	Reasonable level of confidence over deliverability 2015-19
5	High level of confidence over deliverability 2015-19

2) Contribution to the five LTP Goals – with a 3 point assessment of how strongly the scheme supports each of the goals (low level of support / moderate support / strong support) indicated by *, ** or ***. The specific parameters to be judged against will be taken as the existing LTP3 challenges under each goal.

LTP3 Goal	LTP3 Challenge (i.e. parameters against which schemes will be judged)
1. Support economic development and planned dwelling growth	1.1 Keep the county moving through efficient management of the road network to improve journey time, reliability and resilience and manage congestion to minimise its impact on the economy.
	1.2 Support economic growth and new housing development through delivery of transport improvements and where necessary enhancement of the network capacity.
2. Improve transport opportunities for all and achieve behavioural change	2.1 Improve accessibility for all and particularly for non car users and the disadvantaged (disabled, elderly, low income etc).
	2.2 Achieve behavioural change as regards choice of transport mode increasing awareness of the advantages of walking, cycling and passenger transport, and of information on facilities and services available.
	2.3 Achieve further improvements in the provision of passenger transport (bus and rail services) to improve accessibility, punctuality, reliability and transport information in order to provide a viable alternative for car users.
3. Enhance the quality of life, health and the natural, built and historic environment of all Hertfordshire residents	3.1 Improve journey experience for transport users in terms of comfort, regularity and reliability of service, safety concerns, ability to park and other aspects to improve access.
	3.2 Improve the health of individuals by encouraging and enabling more physically active travel and access to recreational areas and through improving areas of poor air quality which can affect health.
	3.3 Maintain and enhance the natural, built and historic environment managing the streetscape and improving integration and connections of streets and neighbourhoods and minimising the adverse impacts of transport on the natural environment, heritage and landscape.
	3.4 Reduce the impact of transport noise especially in those areas where monitoring shows there to be specific problems for residents.
4. Improve the safety and security of residents	4.1 Improve road safety in the county reducing the risk of death and injury due to collisions.
	4.2 Reduce crime and the fear of crime on the network to enable users of the network to travel safely and with minimum concern over safety so that accessibility is not compromised.
5. Reduce transport's contribution to greenhouse gas emissions and improve its resilience	5.1 Reduce greenhouse gas emissions from transport in the county to meet government targets through the reduction in consumption of fossil fuels.
	5.2 Design new infrastructure and the maintenance of the existing network in the light of likely future constraints and threats from changing climate, including the increasing likelihood of periods of severe weather conditions.

Presentation

There would be a table for the schemes on the lines of that below:

Major Transport Scheme	Deliverability	LTP Goal				
		1	2	3	4	5
E.g. <i>Scheme name</i>	4. reasonable level of confidence	*	**	*	***	***

Each scheme assessment would also be accompanied by commentary to provide the LTB with the contextual information required to make a judgement on the Priority List.

Appendix 3: Proposed LTB Work Programme

