

Assurance Framework

**Greater Birmingham & Solihull Local Transport
Board**

28th February 2013

Any enquiries relating to this Assurance Framework should, in the first instance, be directed to:

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Part 1: Purpose, Structure and Operating Principles

Name

1. The Greater Birmingham & Solihull Local Transport Board (GBS LTB).

Geography

2. The Greater Birmingham & Solihull Local Transport Board (GBS LTB) covers the geographical boundary of the Districts of Birmingham, Solihull, East Staffordshire, Lichfield, Tamworth, Cannock Chase, Bromsgrove, Redditch and Wyre Forest. It sits at the heart of the West Midlands, representing an economic geography made up of both Metropolitan and Shire Districts. The geography is based on the Greater Birmingham and Solihull Local Enterprise area.

Membership

3. The Board has been established and consists of the following voting members:
 - a. Representatives of the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) - (3 voting members)
 - b. Birmingham City Council (Highway Authority) - Leader or nominated substitute. (1 voting member)
 - c. Solihull MBC (Highway Authority) - Leader or nominated substitute (1 voting member)
 - d. WM Integrated Transport Authority (Local Transport Authority for Birmingham & Solihull) – Lead Member or nominated substitute (1 voting member)
 - e. 1 representative from the North Worcestershire GBSLEP Shire Districts (Leader or nominated substitute)
 - f. 1 representative from the Southern Staffordshire GBSLEP Shire Districts (Leader or nominated substitute)
 - g. Staffordshire County Council (Local Transport Authority) – Leader or nominated substitute (1 voting member)
 - h. Worcestershire county Council (Local Transport Authority) – Leader or nominated substitute (1 voting member)

4. Also in attendance at the LTB will be the Chair of the Strategic Transport Advisory Group (STAG).
The Board Membership is shown in diagrammatic form in Appendix 1.
5. The Chair and Vice Chair for GBS LTB will be nominated by the LTB voting members on an annual basis. The Chairman shall preside at all meetings at which he/she is present. In the absence of the Chairman, the Vice-Chairman, if present, shall preside. In the absence of both Chairman and Vice-Chairman, the Board shall appoint a chairman for the purpose of that meeting.
6. Representatives of the Transport Boards from The Black Country LEP, Coventry Warwickshire LEP, Staffordshire and Stoke LEP, The Marches LEP and Warwickshire LEP will be invited as observers, with voluntary attendance based on agenda.
7. Membership will be reviewed on an annual basis or more frequently should events require.
8. All matters put to the vote shall be decided by a majority of the Board Members present and voting thereon at the meeting. In the case of an equality of votes, the Chair shall have a second or casting vote. The method of voting shall ordinarily be by a show of hands.
9. The Board may decide to weight the votes of individual voting members to reflect the constituency that they represent.
10. Not less than five voting members shall form a quorum, a majority of which should be Elected Members.
11. The Secretary to the GBS LTB shall be provided by Birmingham City Council's Strategic Director for Development & Culture or his delegated nominee.

Registration and Declaration of Interests

12. Voting members of the LTB must register their personal interests; elected members will have already undergone this procedure and their own local authority's register of interest will be sufficient. This will cover interests across the LTB geography. Non-elected voting members will utilise a conflicts of interest procedure based on Birmingham City Council's (Accountable Body) procedure, see Appendix 2, Code of Conduct.
13. Members must act in the interest of the Greater Birmingham & Solihull geography as a whole and not in the interest of their sector or geographical area.
14. When reviewing business cases and approving individual schemes those voting members who have a personal interest in the scheme should declare this at the start of the meeting.
15. Completed conflicts of interest forms will be available on the GBS LTP web page.

Gifts and Hospitality

16. Gifts and hospitality policy for elected members will be the same as that of their own local authority. Copies of these will be available on the respective members own local authority website. A collated register will be made available on the GBS LTP web page.
16. For non -elected voting members Birmingham City Council’s policy should be used to declare any gifts or hospitality which may be seen as related to a specific scheme, see Appendix 2, Code of Conduct.

Status and Role of Accountable Body

17. The preferred option is that the Greater Birmingham and Solihull LTB will be established as a Joint Committee of the Birmingham and Solihull Metropolitan Authorities, along with Staffordshire and Worcestershire Country Council and the ITA. This will be subject to Department for Communities and Local Government (DCLG) approval of LEP representatives having voting rights on the LTB. Moreover, in the context of on-going dialogue over the transport elements of the Greater Birmingham and Solihull City Deal , this model will be subject to further review in order to ensure consistency with the delivery of the City Deal outputs and outcomes.
18. Birmingham City Council will be the Accountable Body for Greater Birmingham & Solihull Local Transport Board. As accountable body, Birmingham City Council will:
 - a. Hold the devolved major scheme funding and make payments in accordance with the decisions of GBS LTB;
 - b. Account for these funds in such a way that they are separately identifiable from BCC’s own funds and provide financial statements to GBS LTB as required;
 - c. Ensure that the decisions and activities of the GBS LTB conform to legal requirements with regard to equalities, environmental, EU issues and other relevant legislation and guidance;
 - d. Ensure (through the Section 151 Officer) that the funds are used appropriately;
 - e. Ensure that the GBS LTB Assurance Framework as approved by DfT is being adhered

- to by tasking the Chair of STAG with monitoring and reporting conformity of individual projects;
- f. Maintain the official record of GBS LTB proceedings and hold all GBS LTB documents;
 - g. Record the decisions of the GBS LTB in approving schemes (for example if subjected to legal challenge);
 - h. Supply protocol and guidance in relation to transparency and audit for the GBS LTB to adhere to;
 - i. Supply format for non-elected voting members to declare interests (elected voting members can utilise their own authority's procedure); and
 - j. Supply access to all associated documents. Documents will be available online via the LEP website, via Birmingham City Council's own website.
19. Appropriate legal agreements will be implemented to underpin the working of the LTB and define the responsibilities that partners have to one another, particularly any back to back assurances the accountable body will need from other LTB partners in order to assume the above responsibilities

Audit and Scrutiny

20. Regular independent (external) audit and assurance checks will be commissioned and undertaken to verify that GBS LTB is operating effectively within the terms of its agreed assurance framework. BCC will be responsible for taking the necessary action to remedy any shortcomings identified within any such audit.
21. The first audit will take place and be submitted to DfT before December 2014.
- Subsequent reports will be submitted to DfT on an annual basis.
22. Birmingham City Council will provide protocol and guidance in relation to

transparency and audit for the LTB to adhere to.

Strategic Objectives and Purpose

23. The LTB will: -

- a) Ensure that value for money is achieved regarding the devolved local authority major scheme funding;
- b) Identify a prioritised list of investments within the available budget;
- c) Make decisions on individual scheme approval, investment decision making and release of funding, including scrutiny of individual scheme business cases;
- d) Monitor progress of scheme delivery and spend;
- e) Actively manage the devolved budget and programme to respond to changes in circumstances (for example scheme slippage, scheme alteration or cost increases);
- f) Engage government in dialogue to ensure resource is maximised and additional funding streams are coordinated; and
- g) Fully participate in the development of strategic cross boundary schemes.

24. Terms of reference for the LTB are available in Appendix 3 -Terms of Reference.

Support and Administration Arrangements

25. Administrative support will be provided by Birmingham City Council. Costs

pertaining to this administrative role will be met by Birmingham City Council, with contributions, as appropriate, from the other Local Authorities, and central government grant funding.

26. Professional advice to the GBS LTB will be provided by the Chair of STAG, drawing upon the resources of STAG as required. STAG will comprise of officers from the Local Authorities, Centro, Network Rail, Birmingham Airport, Highways Agency, DfT, Birmingham Chamber of Commerce and Business Representatives.
27. Independent scrutiny of business cases will be undertaken by an independent consultant to be appointed by GBS LTB, with findings presented for discussion at STAG. Feedback from STAG will be incorporated into the consultancy report to the LTB. STAG members will be expected to provide briefings to their LTB Members in advance of LTB Decision Making Meetings as appropriate.
28. The Greater Birmingham and Solihull Strategic Transport Advisory Group will be in place to perform actions which are borne from the GBS LTB. (STAG ToR to be agreed by LTB)

Working Arrangements and Meeting Frequency

29. Meetings of GBS LTB will be programmed to occur quarterly, with special meetings held as required. Special meetings are likely to be required when determining the scheme programme and when making investment decisions. All of these meetings will be open to the public and subject to a minimum notice period of 2 weeks.
30. The Chairman and Vice-Chairman shall be authorised to make decisions on matters of urgency between normal meetings of the Board and where exceptional meetings of the Board cannot be convened within an acceptable time frame. The actions shall be reported to the next available meeting of the Board for information. Notice of any special (exceptional) meetings will appear on Birmingham City Council's website.
31. GBS LTB will meet and approve the initial prioritised programme in late June 2013 in order to make the required submission to the DfT in July 2013.
32. GBS LTB will meet when making individual scheme investment decisions in line with the approval process set out in Part 3 of this document.

Transparency and Local Engagement

33. Meeting papers and minutes, 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 will be published on the GBS LEP website. Meeting papers, minutes and reports will also be published on Birmingham City Council’s website.
34. The public and stakeholders will be able to provide input via the GBS LEP website. Stakeholders will be made aware of how to provide input via a newsletter distributed through intermediaries such as the Chamber of Commerce.
35. The GBS LTB will adhere to Local Government Transparency Code through Birmingham City Council as the administrative body, see Appendix 4 for a link to the Code of Recommended Practice for Local Authorities on Data Transparency.
36. A statement detailing the process by which the GBS LTB will make decisions upon major investment will be published online alongside other documentation.
37. FOI and EIR requests will be dealt with in accordance with the relevant legislation of the local authority to which the request pertains to. Cross boundary requests will be led by Birmingham City Council.

Complaints and Whistleblowing

38. Complaints from stakeholders, members of the public or internal whistle blowers will be dealt with and resolved using Birmingham City Council’s procedures. See Appendix 5 for BCC’s Anti-Fraud and Corruption Policy and Whistleblowing Policy.

Part 2: Prioritisation

39. A prioritised and affordable list of schemes will need to be identified for submission to the Department for Transport (DfT) by July 2013. It is presumed that candidate schemes would be promoted by one of the GBS LTB Member Organisations. Scheme eligibility would be based upon:

- GBS LEP transport priorities as set out in the GBS LEP Strategy for Growth, and developed within the GBS LEP Place Prospectus;
- Priorities to support regional economic growth as captured under the following headings:
 - Access to international gateways and HS2
 - Access to growth (i.e. enterprise and investment sites)
 - Freight and Business Efficiency (tackling congestion and journey time reliability)
 - Access to labour and skills
- Value for Money, Deliverability, Environmental and Social/Distributional impacts as outlined in the DfT's Early Assessment and Sifting Tool (EAST) framework.

40. Minimum Eligibility Criteria would be as follows:

Aim

- The proposal must be a transport scheme to be delivered on any local highway, national motorway, railway, light rail or canal network.

Threshold

- The minimum gross cost threshold for any scheme to be considered is £5 million and must be capital which creates a physical asset. Any proposal that is valued below this threshold will not be eligible for major scheme funding.

Scheme Types

- A scheme could include proposals for improvements to the highway network, public transport (bus, rail and rapid transit) walking and cycling improvement or improvement to canal transport. GBS LTB will also consider any genuine package of measures with a focused and well-defined set of aims, benefits and deliverables that includes a combination of the above modes.

Strategic Fit

- Scheme proposals must demonstrate as a minimum how the scheme will affect positive change particularly for businesses within GBS LEP, wider transport and economic benefits to the West Midlands, the GBS LEP priorities and DfT wider transport objectives.

Economic Impact

- Proposals must clearly demonstrate a positive economic impact to the GBS economy and the wider West Midlands region. Emphasis will be on economic growth and inward investment for GBS LEP.

Deliverability

- Any proposal must clearly demonstrate that it has good political, stakeholder and public support, a timetable for delivery within the funding period and must be affordable within the available devolved funding (or supplemented in part by committed third party contributions). GBS LEP will take into consideration whether a proposed scheme is being funded (in part) through other means i.e. a combination of devolved funding, Integrated Transport Block, Local Sustainable Transport Fund, Better Bus Area Fund, Highways Agency funding, Network Rail Funding or private sector led funding stream. Any rail scheme where the contribution required is valued higher than the LEP allocation and the scheme is not included as part of the High Level Output Specification (HLOS) 2012 or Network Rail's Strategic Business Plan for Control Period 5 (2014-19) will not be prioritised.

Joint Funding

- Where major scheme funding represents one element of the proposed scheme costs, GBS LTB will require evidence of the commitment from the other funding streams.

Delivery Time Frame

- All schemes must demonstrate a clear timetable for delivery before March 2019. Any scheme that cannot be delivered in this period will not be considered for funding as part of this investment period.

How will an initial list of candidate schemes be identified?

41. To develop a long list of schemes, existing Local Transport Plans, the GBS LEP Planning Framework and the Development Plans for the Local Authorities within the LTB geography will serve as starting points for identifying transport investment priorities. The LTB will also consider the plans of Network Rail and the Highways Agency, and new schemes which can clearly demonstrate alignment with existing and future strategies.
42. Scheme promoters (Local Highway and/or Transport Authorities) will be asked to consider potential candidates which fall within their area of responsibility. Any scheme that has been previously considered by DfT and rejected, must demonstrate clearly where costs, scope or circumstances have changed sufficiently to warrant an improved assessment.

43. Scheme promoters will be required to submit an Outline Business Case for schemes they wish to put forward for consideration, giving consideration to Strategic Fit, Economic Impact and Deliverability. GBS LTB will provide a detailed pro-forma for Promoters to complete, which will ask for scheme objectives, consideration of alternative options and robust evidence of benefits. Scheme submissions will be based upon the EAST guidance, with additional decision trees being developed to reflect GBS LEP's strategic priorities.
44. GBS LTB would appoint an independent expert to assess the Outline Business Cases and produce a brief evaluation report for each schemes, and an overarching evaluation report which ranks all schemes submitted in relation to their performance against the specified evaluation criteria. These reports and the accompanying Outline Business Cases would then be submitted to STAG for review. Any queries in relation to inconsistencies or the robustness of evidence would be fed back to Scheme Promoters, who would then have the opportunity to respond before a final evaluation report is prepared for consideration by the LTB.
45. The LTB will select the GBS LTB 2015-2019 priorities for delivery, given consideration of the indicative funding allocation for the period, and the fact that the LTB has been advised by DfT that the actual funding allocation could be up to a third higher or lower than this sum. The list of schemes prioritised will also reflect the level of delivery risk of schemes in the pool.
46. Schemes which are not included on the short-list will be referred back to scheme sponsors for further work and will form a reserve list of contingency schemes during the period. The onus will be on scheme sponsors to undertake further development work to get these reserve schemes in a state of readiness to be re-prioritised should a revision in programme be required if any priority scheme falls out of the short-list.

Prioritisation Process

47. GBS LTB has developed an approach to prioritisation that is based on Multi Criteria Analysis. The information provided in the Outline business Case will be assessed against three headline streams and a sub-set of criteria for each stream. The main headline streams are: -
 - Strategic Fit
 - Economic Impact, and
 - Deliverability
48. GBS LEP has commissioned KPMG to develop a strategic fit model based upon scheme contributions to economic growth in the context of the GBS LEP geography.
49. The set of criteria to be used against each stream will be a combination of qualitative and quantitative evidence.

50.

Stream 1 – Strategic Fit

- Alignment with GBS LEP Strategy for Growth | GBS Planning Framework | Local Transport Plans | Local Development | Market Demand |

Stream 2 – Economic Impact

- Access to Growth and Regeneration | Business Efficiency | Business Investment | Labour Market Efficiency | National Network and International Gateways | Access to Labour & Skills | Carbon Emissions | Social Distributional Impacts | Benefits to areas with high indices of multiple deprivation | Expected Value for Money Category

Stream 3 – Deliverability (Stage 1)

- Development Cost | Affordability | Design Stage | Delivery Programme | Public, Stakeholder & Political Support | Delivery Risks | Statutory Instruments | Land Requirements | Planning Consent | Local Contribution | Potential funding Sources | Procurement |

Deliverability (STAGE 2)

- CPO (Land Costs) | CPO Cost | CPO Funding | Structures | Ground Conditions | Business Case Status | Utilities Works | Utilities Cost | TWA Orders | Side Road Orders | any relevant orders |

51. GBS LTB will expect scheme sponsors to seek and secure a local contribution of 10% of the scheme value. It will not be necessary for local contribution or match funding to be formally secured at the point of submission for prioritisation. However at the prioritisation stage, the level of local development funding committed or already incurred to the scheme should be declared.

52. The composition of the GBS LTB allows for collaborative working to enable pooling of resources and securing third party investment. The prioritisation process has been developed in consultation with other LTBs/LEPs in the West Midlands Metropolitan Area and the scoring criteria are in line with wider strategic objectives.

53. GBS LTB will publish its draft prioritisation process and the outcome on its website and on the website of GBS LEP. This will form part of the public consultation and scrutiny of the process.

54. By using comparable assessment criteria which has been agreed at a West Midlands sub-regional level, it ensures that cross boundary schemes are being scored/prioritised/appraised in a similar manner. A full prioritisation framework will be published on the LTB web page in advance of Scheme Promoters submitting Outline

Business Cases. This will ensure that criteria cannot be retro-fitted to justify specific schemes.

55. Where schemes have been referred back to sponsors on grounds of affordability in the next investment period, the GBS LTB will retain engagement with scheme sponsors and other LEP partners through cross-boundary working forums to devise a method for funding these schemes in future.

Value for Money

56. At the prioritisation stage, the value for money assessment will be based on a broad brush evaluation of the scheme benefits, as captured by the EAST framework. Scheme sponsors will be required to provide a robust statement on the anticipated benefits expected from a scheme proposal. Scheme benefits may include a wider range of economic impacts that affects regeneration corridors, strategic centres and congested part of the highway network. GBS LTB will support those schemes that can demonstrate benefits to inward investment, journey time savings, creation of jobs in the GBS LEP Area and unlocking land for development. GBS LTB will expect scheme sponsors to clearly outline the benefits to be derived from a scheme and any assumptions made.

Part 3: Programme Management and Investment Decisions

Scheme Assessment and Approval

57. Promoters will be responsible for developing scheme proposals and producing major scheme business cases (MSBCs) in line with the criteria set out in this Assurance Framework. The LTB will be responsible for assessing the business case and deciding whether or not to provide funding for the schemes and on what conditions.
58. There will be a clear distinction and separation between those individuals sponsoring a scheme and those individuals making investment decisions. The intention is that GBS LTB will receive impartial advice on the merits of business cases, thereby facilitating decisions that are objective and transparent.
59. See Figure 1 for Scheme Assessment and Decision Making Process
60. Each scheme approval decision by GBS LTB will be supported by an assessment of the scheme, carried out independently of the promoting authority and signed off by the Chair of STAG. Recognising the potential competition between scheme sponsors, the assessment will be commissioned from transport consultants with suitable experience of major scheme business case development and independent of all potential scheme sponsors. A number of funding streams are being considered to resource the production of assessments, including those resources made available to Local Transport Bodies by the Department for Transport.
61. A staged approval process and a staged business case development process will be employed. This will enable the scrutiny of the different aspects of the business case to be made at the appropriate time. It will also ensure that GBS LTB funding is not committed irreversibly before delivery of the scheme is guaranteed (e.g. legal powers are in place) or costs are finalised (e.g. contracted prices).
62. Schemes supported at Prioritisation State (see Section2) will achieve Programme Entry' approval, based on an Outline Business Case. Programme Entry approval will provide confidence to the scheme sponsor that funds will be available, thereby enabling the sponsor to seek any necessary statutory powers.
63. A final approval stage, 'Full Approval', will only be made when the legal powers and any third party contributions are in place, and final costs have been formally agreed (i.e. contracted) with a delivery partner. This funding decision is irreversible. Application for full approval status will be made after a Full Business Case (Stage-3 business case) has been completed.
64. An interim approval stage, 'Conditional Approval', can be introduced before the procurement process commences at the request of GBS LTB e.g. to ascertain that the project delivery profile and the value-for-money assessment remains valid once the necessary statutory powers are in place. However, in most cases schemes will progress directly from programme entry status to full approval status.

65. See Figure 2 – Major Transport Scheme: Development Process.
66. A full approval decision will require a formal agreement between GBS LTB and the promoting authority, setting out the agreed maximum STB contribution and the respective responsibilities of each party, including the scheme sponsor's responsibility for any cost increases and project risks. The agreement will also detail the reporting arrangements (to enable monitoring of scheme progress and management of the overall programme) and audit requirements.
67. Scheme Promoters will provide quarterly update reports on scheme development. Where there is significant change to scope, timetable and cost, the Chair of STAG will advise whether such changes impact upon the basis upon which GBS LTB support was given, and recommend any appropriate course of action to ensure that schemes deliver GBS LTB priority outcomes.

The Transport Business Case

68. Scheme promoters will be required to develop and submit proposals that are in line with the key principles of the DfT's Transport Business Case Guidance as set out in WebTAG. This will ensure a consistency of approach built around the following five cases: -
 - Strategic case – a robust case for change that fits with wider public policy objectives;
 - Economic case – demonstrates the value for money of the scheme;
 - Commercial case – demonstrates that the scheme is commercially viable;
 - Financial case – demonstrates that the scheme is financially affordable; and
 - Management case – demonstrates that the scheme is achievable.
69. The requirements of the Transport Business Case Guidance describe the minimum requirements for the development of any major scheme. GBS LTB will clearly specify what, if any, additional information is required of scheme sponsors in business case documents to enable funding decisions to be made. GBS LTB will also set out how it will assess this information and take it into account when making its funding decisions.
70. A central requirement for scheme sponsors will be the clear articulation of scheme objectives and the intended outcomes that the scheme is intended to achieve. This will be the basis for evaluating the scheme and ultimately inform the public and stakeholder view of the scheme's success (or otherwise).
71. It will be the responsibility of Scheme Promoters to ensure that Business Cases are WebTAG compliant. WebTAG emphasises the need for proportionality, based on the cost and impact of the scheme. Each scheme sponsor will be responsible for justifying how the WebTAG guidance is applied based on their understanding of the type of scheme, traffic/public transport

modelling approach, environmental impact and the social and distributional effects of the intervention(s).

Value for Money

72. Scheme sponsors will also be required to conduct appraisals and value for money assessments based on WebTAG guidance.
73. GBS LTB will ensure that scheme traffic/public transport modelling and appraisal is robust and meets this guidance at the time a business case is submitted for each stage of approval (programme entry; conditional approval – if required; full approval).
74. The assessment of the scheme traffic/public transport modelling and appraisal will require expert resources which are independent of each scheme sponsor. The most appropriate resource will be commissioned from transport consultants with suitable experience of major scheme business case development and independent of the scheme sponsor in question i.e. a transport consultant could not sit on a panel assessing scheme traffic/public transport modelling if it has been commissioned (in whole or part) to develop the traffic model in question.
75. In order to minimise the financial impact on the LEP and local transport authorities, GBS LTB will explore the utilisation of intra-LEP/LTB technical support and joint procurement to resource the expert inputs required for scheme appraisal.
76. Central case assessments will be based on forecasts that are consistent with the definitive version of the Department for Transport's National Trip End Model (NTEM) and accessed using TEMPRO software. The forecasts include population, employment, households by car ownership, trip ends and simple traffic growth factors based on data from the National Transport Model (NTM).
77. This approach will be supplemented with locally-specific land use change figures set out in Local Development Frameworks.
78. It is essential that all large, complex and long-running projects are managed effectively. Scheme sponsors will be required to manage projects using recognised project management principles and techniques, with a clearly defined project structure.
79. All schemes will be subject to a formal review process at the end of each major stage of the project lifecycle. This is in addition to the regular reviews of progress which are undertaken throughout the life of the project.
80. The key stages at which reviews will take place include: -
 - a. STB appraisal of business case (programme entry approval)
 - b. • Detailed design

- c. • Statutory orders and acquiring land/property
 - d. • Procurement
 - e. • STB appraisal of business case (full approval)
 - f. • Construction
81. Reviews will include consideration of the project management process and quality plan (risk management) procedures. The work supporting the review process will be undertaken by the scheme sponsor and be submitted to the Chair of STAG , who will appraise submissions on behalf of GBS LTB.
82. The review findings will be reported to the scheme sponsor and the GBS LTB.
83. Scheme sponsors will be required to seek early technical advice from officers working on behalf of the GBS LTB regarding traffic modelling approach and assessing the social and distributional impacts (SDI) of schemes. These work streams can have significant lead times and the intention is that the overall approach is approved at an early stage in order to prevent any abortive work (with significant cost implications) being undertaken.
84. GBS LTB will produce a Value for Money (VfM) statement for each scheme put forward for approval summarising the overall assessment of the economic case for the scheme. This statement will be in line with WebTAG guidance.
85. The VfM statement will be signed off by Chair of STAG, who will have responsibility for VfM assessments within GBS LTB.
86. The initial value-for-money appraisal, which is based on an assessment of the scheme's monetised impacts in line with WebTAG (e.g. journey time savings and accident reductions), will result in each scheme being placed in one of five categories: -
- a. Very High – where benefits are greater than 4 times costs;
 - b. High – where benefits are between 2 and 4 times costs;
 - c. Medium – where benefits are between 1.5 and 2 times costs;
 - d. Low – where benefits are between 1 and 1.5 times costs; and
 - e. Poor – where benefits are less than costs.
87. Whilst the benefit/cost ratio (BCR) (or initial VfM assessment) is not the only consideration impacting on scheme approval, GBS LTB will aim to support only schemes with a 'High' benefit to cost ratio or better. In exceptional circumstances, schemes with a lower BCR will be supported where they are of key strategic importance to GBS LEP.
88. In order to articulate a comprehensive set of reasons for making an investment, the VfM assessment will ultimately need to take into account the non-monetised costs and benefits of

each scheme. This will involve consideration of both quantitative and qualitative assessment of scheme impacts and a judgement as to how they affect the overall VfM appraisal of the scheme.

89. GBS LTB will take account of other compelling reasons for investing in a scheme (e.g. significant numbers of jobs created or investment unlocked) within the context of a wider VfM appraisal. This may mean, for example, that a scheme may have an initial medium VfM assessment but the non-monetised benefits generated by the intervention elevate this scheme to a final high VfM assessment; equally a scheme with an initial high VfM assessment could have that assessment reduced when non-monetised costs are considered.
90. The value-for-money of schemes will be assessed against the relevant WebTAG thresholds at each approval stage. The staged approval process and business case development process will allow GBS LTB to reassess schemes as the VfM analysis progresses.
91. GBS LTB will only consider schemes that have previously been rejected on VfM grounds where the costs, scope or circumstances have changed sufficiently to warrant an improved assessment. Any such decision will be based on reviewing the previous analysis of the scheme, which should be available from the DfT.
 - a. A commitment to post-implementation evaluation will form a central part of any funding offer. The objective of scheme evaluation is as follows: -
 - b. Determine whether scheme benefits have been realised as intended;
 - c. Provide accountability for the investment;
 - d. Enhance the operational effectiveness of existing schemes (or future scheme extensions); and
 - e. Improve future initiatives based on learning.
92. GBS LTB will monitor delivery of outputs and ensure schemes are evaluated in line with DfT guidance³. All scheme sponsors will be required to submit an evaluation plan for LTB approval prior to the scheme being awarded full approval.
93. Scheme sponsors will be required to meet the cost of evaluation and monitoring, which will be separate from the GBS LTB investment in the scheme.
94. Specified evaluation outputs will feature as a condition of the funding offer from the GBS LTB to the scheme sponsor.
95. The evaluation and monitoring outputs for each scheme will be reviewed independently of the scheme sponsor and GBS LTB. This will be undertaken by a Task and Finish Group convened on a scheme-by-scheme basis from officers from the constituent local transport authorities.
96. The results will be published by the scheme sponsor and the GBS LTB web page.

External Views on Business Cases

97. GBS LTB will consider external views on scheme business cases prior to funding approval. 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.
98. The scheme sponsor will also be required to publish and publicise their business case(s) on their own website when bids are submitted to GBS LTB for each stage of funding approval. This should include a further opportunity for stakeholder comment prior to a funding decision being made. All views received – whether positive or negative – must be available to GBS LTB in writing at the time funding decisions are being made.
99. The minimum time that business cases should be publicly available for comment prior to a funding decision being made by GBS LTB is six weeks. This is shorter than the DfT guideline of 13 weeks, which would unduly impact on the development timetable for a major scheme. Six weeks is considered adequate to make stakeholders aware of the proposals; invite their views; and capture their views.
100. GBS LTB reserves the right to withdraw its support for a scheme at the conclusion of the consultation process, should this demonstrate a significant lack of public and/or political support for the scheme in question.

Release of Funding, Cost Control and Approval Conditions

101. Any funding award from GBS LTB will be subject to a cap and will require the promoting authority to be responsible for all cost increases post full approval. Consequently, in line with WebTAG guidance, a fully quantified risk register must inform the final scheme cost, and scheme sponsors will be encouraged to develop a register that is proportionate to the overall scheme size and risk profile.
102. Funding for actual expenditure ('actuals') will be released by the GBS LTB in arrears and in line with an agreed funding profile. This will mean that the scheme sponsor will incur expense and then submit grant claims every 3 months.
103. GBS LTB reserves the right to suspend grant payments if project spend and/or achievement of delivery milestones are not keeping pace with agreed funding and delivery profiles.
104. The accountable body for GBS LTB, namely Birmingham City Council, will manage the devolved funding; process claims; and release funds to scheme sponsors in line with the LTB's decisions. Details of what functions the Accountable Body will undertake are set out in Part 1 of this Assurance Framework.
105. Funding applications from scheme sponsors will only be considered if the application is 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.

106. GBS LTB will require financial and delivery information to be provided as part of regular progress reports from each scheme sponsor. Progress reports will be measured against a set of agreed milestones, which will be set out in the full approval application and GBS LTB's funding offer.
107. In cases where the accountable body is also the scheme promoting authority, GBS LTB will ensure that the local transport authority's status as the accountable body does not put it in a more favourable position than any other local transport authority in the GBS LTB area.
108. GBS LTB will also ensure that adequate local audit arrangements are in place so that it can be satisfied that funding is spent solely for its intended purpose i.e. on the specified schemes approved by GBS LTB; that scheme sponsors maintain robust records and audit trails, and have mechanisms in place to undertake fair and effective procurement and to safeguard funds against error, fraud or bribery.
109. GBS LTB will impose sanctions on the scheme sponsor should it fail to deliver effectively.
110. GBS LTB will put measures in place to detect incorrect use of funds, misuse of funds, or fruitless payments made by scheme sponsors.
111. GBS LTB will enable the recovery of any misused funds. It will also report any such instances in the annual audit report to DfT with an explanation of any remedial action taken.

Programme and Risk Management

112. The GBS LTB 2015-19 major scheme programme will be managed using PRINCE2 principles and techniques.
113. GBS LTB will set out a policy for managing change. This will cover major scheme changes such as scope, benefits, timetable and cost. A change process is necessary in order to allow the STB to manage the delivery of an effective programme.
114. GBS LTB will minimise programme risk by:
 - Receiving and reviewing Quality Plan submissions from scheme sponsors;
 - Receiving regular project and programme delivery updates at its meetings;
 - Designating the Chair of STAG as the named official with overall responsibility for programme management with a direct line to the GBS LTB Chair; and
 - Making evidence-based project and programme management decisions on the advice of the Chair of STAG.

115. Programme management decisions will be designed to minimise the impact of risks e.g. in order to minimise the financial risk associated with project delays, funding will only be released upon submission of an invoice for actuals in arrears.
116. For each scheme included in the 2015-19 programme, the scheme sponsor will provide an initial expenditure/funding profile, a project programme and a quality plan (including risk register/management plan). The programme will detail the estimated timetable for the major project stages: -
- Business case production/technical work
 - Design (outline; preliminary; detailed)
 - Statutory orders (where necessary)
 - Stakeholder consultation
 - Procurement
 - Mobilisation
 - Construction
 - Monitoring and evaluation
117. This information will be updated at key stages throughout the project lifecycle and reported to GBS LTB. This will allow timely and informed project and programme management decisions to be made, which in turn will help ensure the delivery of an effective GBS LTB 2015-19 programme.
118. As schemes move through the various stages of the project lifecycle, significant changes in cost, scope, risk, benefits, impact and programme may become apparent, and these may mean that it is not in the best interests of GBS LTB to allocate funding to the scheme in the 2015-19 period, even where the scheme has previously received programme entry approval. In this situation, and in line with its change process, GBS LTB reserves the right to reprioritise the programme and bring forward a contingency scheme that is affordable and deliverable within the overall programme timescale.
119. An emphasis will be placed on pro-active risk management and it will be the scheme sponsor's responsibility to ensure that risks are routinely monitored, managed and reassessed. Evidence of proportionate risk management for each scheme included in the 2015-19 programme will be required by GBS LTB as part of regular delivery updates.

Figure 1 – Scheme Assessment and Prioritisation Process

