

Enterprise M3 Local Transport Body

Terms of Reference

(approved by the LTB on 6th March 2015)

Context for these Terms of Reference

The Terms of Reference for the Enterprise M3 Local Transport Body (“the LTB”) should be read in conjunction with the Assurance Framework for the Enterprise M3 Local Enterprise Partnership (“the LEP”) which provides the context for the LTB in terms of the overall governance and structure of the LEP.

Role of the Local Transport Body

The Enterprise M3 Local Transport Body (“the LTB”) was established in May 2013 as an equal partnership between the LEP and local highway authorities. The role was initially to allocate funding to major transport schemes, decide which investments should be prioritised; to review and approve individual business cases for those investments and ensure effective delivery of the programme.

However, with the introduction of the Growth Deal, the funding originally identified for LTBs to allocate is now given directly to LEPs. As a result of this, the role of the LTB and LEP have changed.

The LTB still considers investment and priorities for major transport infrastructure, however it does not have responsibility for making financial decisions. Instead, it now makes recommendations to the Enterprise M3 Board, via the Enterprise M3 Programme Management Group (PMG) and is advised and supported by the Transport Action Group.

The LTB will contribute to strengthening productivity growth and meeting the long-term challenges of the economy. It will work towards meeting the key priorities of the Enterprise M3 LEP as set out in the Strategy Economic Plan. The role of the LTB is therefore to:

- specify strategic and other objectives that major transport schemes should meet in relation to contributing to and securing economic growth.
- invite local authorities and others to propose schemes that meet those objectives
- identify a prioritised list of major transport schemes within the available budget from the Local Growth Fund and any other funding that may be secured for the delivery of such schemes.
- ensure that the successful schemes meet the stated policy objectives of the LEP as outlined in the Enterprise M3 Strategic Economic Plan and local authorities, though their corporate strategies and local transport plans and be responsible for ensuring good value for money
- make recommendations on individual scheme approvals, investment decision-making and the release of funding, including scrutiny of individual business cases, to the Programme Management Group and LEP Board.
- report progress regularly to the member organisations, the Department for Transport and other stakeholders.
- regularly review its operation to ensure that it remains fit for purpose.

- carry out any other relevant functions as required by its member organisations (and if agreed by the LEP Board).

Membership and terms of office

Full voting membership of the Enterprise M3 LTB Board consists of:

- Enterprise M3 LEP
- Hampshire County Council
- Surrey County Council

These members will form the LTB Board and have equal status.

Associate (non-voting) membership of the Enterprise M3 LTB consists of:

- Department for Transport
- Chairman of the Transport Action Group of Enterprise M3 LEP
- Hampshire and Surrey Chambers of Commerce
- Hampshire Business Alliance
- Representatives of district councils in Hampshire and Surrey
- Highways England
- Network Rail
- Public transport operators
- Heathrow airport

In addition to full and associate members other stakeholders, including neighbouring LTBs with an interest in Enterprise M3 LTB decision-making and programmes of investment will also be invited to LTB meetings, but will have no formal status.

Responsibility for the delivery of approved schemes and compliance with the Board's requirements rests with the scheme promoters.

Membership will be reviewed at least every two years, or when there is a request for a new member. District councils have an automatic right to attend when a scheme in their area is being discussed. Guest organisations can be invited when a relevant topic is being discussed.

Representatives will use their best endeavours to represent the area as a whole and not according to the sectoral or geographical interests of their member organisations.

Voting will be on a simple majority basis, with no casting vote for the Chairperson.

The local authority representatives on the Board will be elected members.

Quorum for the meetings of the Board shall be all three parties.

All members of the LTB are able to nominate a deputy to attend in their place if appropriate for a particular meeting. In relation to the local authorities, the deputy would still need to be an elected member.

The initial Chairman of the LTB will be the Surrey County Council representative and the Chairmanship of the Board will be reviewed every two years.

Meetings of the LTB

Meetings of the Board shall comply with the requirements of Part VA Local Government Act 1972 (access to information) and accordingly, matters such as notice periods for meetings, public access to meetings, access to information

(including access to meeting papers, records of decisions and their rationale, and other relevant papers including scheme business cases, evaluation reports and regular programme updates) shall be applied accordingly and published on the Enterprise M3 LEP Website..

LTB meetings will be open to the public and be advertised subject to the minimum notice period.

As a minimum, there shall be a meeting of the LTB when:

- determining the initial decision on the composition of the scheme programme
- when making individual scheme investment decisions.

The Board may agree to amend these deadlines in exceptional circumstances

Enterprise M3 LEP will manage the administrative and secretarial support to the LTB through the Programme Manager Transport. Additional technical support will be drawn principally from Hampshire and Surrey County Councils and coordinated by the Transport Action Group.

Enterprise M3 LEP, Hampshire County Council and Surrey County Council are committed to support the LTB and will provide further resources (funding and officer time) as required.

Prioritisation process and scrutiny and evaluation

The prioritisation methodology, process and criteria used are outlined below. The decision-making procedures will be published on the Enterprise M3 LTB Web page in advance of any transport scheme prioritisation decisions being made.

The process for the approval and independent scrutiny of business cases, together with the approach to evaluation and monitoring of schemes are also included within these terms of reference. Independent scrutiny will be procured from an external resource and will be funded by the LEP.

Prioritisation process

A prioritised list of transport schemes based on robust evidence and developed from clear objectives will be overseen by the LTB and reviewed within the context of the priorities set out in the LEPs Strategic Economic Plan.

The process will be consistent with the wider scheme identification and prioritisation processes adopted by the LEP.

Proposals prioritised for local major transport schemes will be for worthwhile transport schemes that do not have an identified funding source, that meet local priorities and national objectives, emerge from evidenced transport constraints and accord with the eligibility criteria detailed below.

In respect of proposals on the strategic road or rail networks, the LTB will ensure that the Highways Agency and Network Rail are fully sighted on schemes that are to be considered for funding so that their views on deliverability and impact on the wider strategic and rail networks can be considered and taken into account in the initial prioritisation exercise. In cases where schemes have any impact on rail and bus services the views of train operating companies, DfT (rail) and bus operators will be sought.

Prioritisation criteria

The LTB will support the LEPs wider process of scheme identification, where potential ideas are submitted by scheme promoters and considered on a preliminary basis in terms of the fit with the Strategic Economic Plan priorities (spatial and sectoral), and in terms of deliverability, value for money and economic impact. For schemes that may have potential when judged against these criteria, bidders will be encouraged to develop their proposals in more detail.

This development pool identified by partners, and supported by the LEP can be assessed using EAST (Early Assessment and Sifting Tool), or a similar tool, to ensure that prioritisation is evidence-based and robust. In addition the LTB will assess each scheme as to how well it performs against the following essential and desirable criteria.

Essential Criteria

- have a clearly defined scope;
- demonstrate how scheme contributes to the LEPs Strategic Economic Plan, the Local Transport Plans of Hampshire and Surrey and wider Government policies.
- drive economic and/or housing growth and/or solve a current or future transport problem that constrains economic growth or that safeguards the economy of the Enterprise M3 area; (with higher employment and/ or housing growth viewed more favourably in scheme prioritisation);
- the LEP contribution will comprise of capital funding only;
- be for a capital funding request of over £2,000,000
- normally expect to deliver 'high' value for money (i.e. CBA greater than 2);
- LEP funding to be fully spent within the period 2015-21, together with a clear demonstration as to how the proposal will be delivered;
- be supported by the Local Transport Authority whose area within which the proposal would be delivered;
- If relevant a clear indication as how any land not owned by the delivery partner will be secured to allow delivery within the required timescale;
- Clearly demonstrate how the business case for a proposal is met, by reference to the EAST ;
- be supported by a local contribution and

Desirable Criteria

- leverage of private sector investment into the Enterprise M3 LTB area;
- improved access to employment;
- safeguard existing employment;
- provide/improve sustainable access especially to town centres;
- tackle congestion.
- Reduce carbon output and other emissions;
- To meet local indicators related to economic growth, transport impact and regeneration potential

The LTB will support liaison with neighbouring LTBs and/or LEPs on a regular basis to explore the potential for collaborative working. Neighbouring LTBs/LEPs will also be consulted about schemes that may affect them.

Approval and scrutiny of business cases

Scheme promoters will be responsible for developing Full Transport Business Case and related WebTAG assessment for their scheme(s).

The preparation of Transport Business Cases is to be funded by the promoting authority. The Enterprise M3 LEP Transport Action Group (TAG) shall be responsible for undertaking transport case scrutiny, preparation of the Value for Money (VfM) statement and recommendation to the LTB Board, and shall have the authority to commission such other bodies or persons to assist them in this role. Local Transport Authority (LTA) representatives on the TAG will be permitted to participate in discussions relating to their scheme bids but will not participate in the decision making regards the approval/rejection of their submissions.

The Chair of the Enterprise M3 LEP Transport Action Group shall be responsible for signing-off individual assessments of business cases. In the event of the Chair being conflicted from undertaking this role, they shall liaise with a legal advisor who shall make such other arrangements as they deem appropriate following consultation with the involved Parties.

EM3 TAG is to have the authority to engage independent external technical experts to review either the whole of a business application or to scrutinise the VfM component of the Economic Case. The cost for such independent consultation is to be borne by the LEP, to ensure complete independence from scheme promoters. Independent external consultants may also assist the TAG in preparing the summary VfM statements.

The LTB will aim to keep administrative costs to a minimum, whilst ensuring value for money and sound governance. This will ensure that more money is spent on delivering transport schemes and less on bureaucracy.

All Business Cases submitted by promoters will be expected to follow the key principles of the Transport Business Case guidance provided by the DfT. EM3 LTB has developed a template for submitting a full Business Case application, together with accompanying guidance. The Business Case application can be reviewed by the LEP to ensure that it continues to meet their priorities in relation to securing economic growth, together with the wider aims and objectives set out in the Strategic Economic Plan.

The modelling and appraisal of schemes contained in business cases will be developed in accordance with the guidance published in WebTAG at the time the business case is submitted for approval. Central case assessments will be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). Alternative planning assumptions such as sensitivity tests may be considered when making a decision about whether to approve a scheme.

Once a scheme has been endorsed by the LTB Board and the LEP for development, the following process is to be followed:

- Full transport business case developed with appropriate WebTAG assessment undertaken by scheme promoter. This is to be in line with the most recent guidance from the DfT and the LEP, taking account of the advice on proportional application of WebTAG guidelines.

- TAG to undertake or commission independent scrutiny of the business case for each scheme, with a value for money statement provided on each scheme.
- LTB Board to make a recommendation on funding, based on TAG's recommendation and consideration of local priorities and/ or economic considerations.
- Approved business cases will be published on the Enterprise M3 LEP Web page, so that the business community and members of the public can be made aware of the LTB Board's decision-making.
- Confirmation of funding award will be subject to subsequent approval by the Programme Management Group and the LEP Board.

In carrying out the value for money assessment and completing the VfM Statement, the EM3 TAG will follow the good practice advice set out by the DfT in [Value for Money Assessment: Advice Note for Local Transport Decision Makers – December 2013](#).

The Department for Transport is also preparing new advice to help transport scheme promoters explain and assess the likely impacts of their projects on the economy. This will be incorporated into these Terms of Reference in due course, in the meantime scheme promoters and scrutiny will be encouraged to consider as far as possible the implications of this piece of work.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389960/understanding-and-valuing-the-impacts-of-transport-investment-progress-report-2014.pdf

As Hampshire County Council acts as the Accountable Body for management of LEP resources, the Director of Corporate Resources (Chief Financial Officer) will be responsible for signing off the VfM Statement prepared by the TAG. The exception to this will be where Hampshire County Council is the promoter of the scheme. In such cases signing off of the VfM Statement will be carried out by the Chief Finance Officer of Surrey County Council. Each VfM Statement will contain a signature box at the end, where the Director can verify that the information included is accurate. The LEP Board will then make the final decision on whether to fund a project.

In the main, the LTB intends to promote schemes that have a HIGH VfM, with BCR > 2. Schemes with LOW VfM (BCR < 1.5) would not be supported, except in very exceptional cases. Consideration may be given to schemes that represent MEDIUM VfM (BCR between 1.5 and 2.00) The criteria for such considerations would be the following, as appropriate:

- In **each year** within the funding/ delivery window (i.e.: 2015 to 2019/ 2021), the LTB/ LEP will first allocate funds to schemes with HIGH VfM rating. Having made such allocation, if there still remain available funds for allocation within that year or the funding window, consideration would be given to schemes with MEDIUM VfM rating.
- The schemes are amongst the prioritised list of schemes or amongst the cluster of schemes notified to the LTB and DfT during July 2013.
- The schemes are consistent with the strategic agenda of the LEP and include impacts that are currently not normally monetised.
- The schemes score highly on all the Business Cases, excepting VfM considerations.

- Schemes which form part of a wider package or initiative, where other components have a high value for money assessment
- Schemes which are innovative or which trial new techniques or where the benefits of the schemes are not adequately captured by conventional assessment techniques
- Where the interventions could help to maintain or grow unquantifiable business or consumer confidence in the area, and so lead to economic growth.

Evaluation and Monitoring

The template for submitting full business case application requires promoters to clearly specify the Evaluation and Monitoring strategy. This forms an **integral** part of an application, consistent with DfT's guidelines. As part of their evaluation, EM3 TAG is to assess the adequacy of a promoter's Evaluation and Monitoring strategy, giving consideration to evaluations that are proportionate to the value and scale of each scheme, whilst being affordable and representing value for money.

As details of all approved schemes are to be published on the LEPs website, the business community and members of public will have access to the Evaluation and Monitoring plans for each scheme. Following full implementation and delivery of each scheme, appropriate monitoring will be undertaken by the promoter and their partner organisations (e.g.: Local Borough/ District Councils), to assess the effectiveness of the intervention/ scheme. Evaluation Report(s) are to be produced and published on the LEP's website after suitable intervals/ period, following completion of the schemes.

The Evaluation Report(s) would aim to demonstrate the extent to which the assumed/ predicted impacts and benefits have been realised. They could cover the following measures, as appropriate for a scheme:

- Net additional jobs created in the Enterprise M3 LTB area that can reasonably be linked to the transport intervention.
- Net additional housing or employment floorspace enabled as a consequence of the transport investment (either directly or as part of a wider package of enabling measures).
- Private sector investment leveraged as a result of the delivery of the transport scheme (either directly or as part of a wider package of enabling measures).
- Local Gross Value Added (GVA) created and/ or safeguarded.
- Demonstrable contribution to retention of existing businesses in the Enterprise M3 area.
- Reduction in number of accidents and/or related incidents; and/or perceived increase in safety for transport infrastructure users, resulting from the transport intervention.

If appropriate and feasible, the LEP may produce consolidated evaluation reports, covering several schemes that are related either by geography or by type of intervention or scale of funding or some other relevant criteria, with the aim of drawing out common findings and recommendations for future decision making.