

CABINET MEETING – 13 FEBRUARY 2013

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

North East Local Transport Body Assurance Framework

Author(s):

Deputy Chief Executive

Purpose of Report:

The Department for Transport (DfT) intends to devolve funding for Local Major Transport Schemes to Local Transport Bodies from 2015. As part of the devolution process DfT requires each Local Transport Body to produce and submit an Assurance Framework by 28th February 2013.

The report seeks Cabinet's agreement for the Council to become a member of the North East Local Transport Body ("NELTB") and to approve the Assurance Framework for the NELTB for submission to the DfT.

Description of Decision:

Cabinet is recommended to

- (a) agree that Sunderland City Council will be a member of the North East Local Transport Body ("NELTB");
- (b) approve, in principle, the draft Assurance Framework for the NELTB (a copy of the current version is appended) and to delegate authority to the Deputy Chief Executive, in consultation with the relevant Portfolio Holder, to agree the finalised Assurance Framework for the NELTB, so that it can then be submitted to the Department for Transport;
- (c) delegate authority to the Deputy Chief Executive and the Executive Director of Commercial and Corporate Services to conclude all documentation and enter into legal agreements with the NELTB and its accountable body to cover all requirements of the Assurance Framework;
- (d) authorise the Deputy Chief Executive, in consultation with the Leader and the Portfolio Holder, to agree and submit local transport scheme proposals to the NELTB pursuant to the new arrangements.

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

In order for Local Authorities to be eligible to receive devolved Local Major Transport funding in future, the Department of Transport requires Local Transport Bodies to be formed (LTB).

The Council is being asked to agree to become a member of the North East Local Transport Body and approve the associated Assurance Framework for its operation.

Each LTB needs to submit an Assurance Framework, setting out the LTB's governance and working arrangements, for approval by DfT. DfT have issued guidance on what the Framework should cover which sets out minimum requirements. DfT also require each constituent authority to agree the Assurance Framework documents and provide evidence of that agreement.

Alternative options to be considered and recommended to be rejected:

The alternative options would be for the Council to decide not to become a member of the Local Transport Body or to reject the Assurance Framework. Failure to become a member of the Local Transport Body would prevent the authority from accessing future Local Major Transport funding in light of the proposed devolution of this funding provision.

Impacts analysed;

Equality Privacy Sustainability Crime and Disorder

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 day Notice of Decisions? No

Scrutiny Committee

CABINET – 13th FEBRUARY 2013

Report of the Deputy Chief Executive

1.0 Purpose of the Report

- 1.1 The Department for Transport (DfT) intends to devolve funding for Local Major Transport Schemes to Local Transport Bodies from 2015. As part of the devolution process DfT requires each Local Transport Body to produce and submit an Assurance Framework by 28th February 2013.
- 1.2 The report seeks Cabinet's agreement for the Council to become a member of the North East Local Transport Body ("NELTB") and to approve the Assurance Framework for the NELTB.

2.0 Description of Decision (Recommendations)

- 2.1 Cabinet is recommended to
 - (a) agree that Sunderland City Council will be a member of the North East Local Transport Body ("NELTB");
 - (b) approve, in principle, the draft Assurance Framework for the NELTB (a copy of the current version is appended) and to delegate authority to the Deputy Chief Executive, in consultation with the relevant Portfolio Holder, to agree the finalised Assurance Framework for the NELTB, so that it can then be submitted to the Department for Transport;
 - (c) delegate authority to the Deputy Chief Executive and the Executive Director of Commercial and Corporate Services to conclude all documentation and enter into legal agreements with the NELTB and its accountable body to cover all requirements of the Assurance Framework;
 - (d) authorise the Deputy Chief Executive, in consultation with the Leader and the Portfolio Holder, to agree and submit local transport scheme proposals to the NELTB pursuant to the new arrangements.

3.0 Introduction/Background

- 3.1 The Department for Transport has announced a firm intention to devolve funding for local major transport schemes to Local Transport Bodies (LTBs) from 2015. LTBs are to be voluntary partnerships between Local Transport Authorities (LTAs), Integrated Transport Authorities (ITAs) and Local Enterprise Partnerships (LEPs) within the LTB boundary.
- 3.2 LTB's primary role will be to decide which investments should be prioritised for this devolved local major scheme funding within their geographic area, to review and approve individual business cases for those investments, and to ensure effective delivery of the programme.

- 3.3 As part of the devolution proposals DfT requires that each Local Transport Body puts in place an Assurance Framework which will provide appropriate safeguards for the use of public funds, and that ensures the LTB is fit for purpose and has the necessary arrangements in place to ensure value for money and sound decision making.
- 3.4 DfT have issued guidance on Assurance Frameworks including minimum requirements for acceptance. LTBs are required to submit Assurance Frameworks to DfT by 28th February 2013. Assurance Frameworks will need to be signed off by DfT prior to any decisions being taken on scheme prioritisation.
- 3.5 Within the guidance the DfT note that it is important that the Assurance Framework documents are agreed by the organisations that are proposed as members of the LTB and that evidence of that agreement is provided.

4.0 Current Position

- 4.1 A draft Assurance Framework has now been prepared and is appended to this report. DfT have been consulted and asked to comment on draft documents as part of this process and their comments have been taken on board as the document has evolved. Each authority proposed as a member of NELTB is being asked to agree the assurance framework, following which it would be submitted to DfT by 28th February.
- 4.2 The Local Transport Body relevant to Sunderland is to have a boundary covering the administrative area of the North East Local Enterprise Partnership, comprising Durham and Northumberland counties, and the metropolitan area of Tyne and Wear.
- 4.3 The LTB is to be known as the North East Local Transport Body (NELTB) and will be an informal partnership. The draft Assurance Framework identifies the full members of the NELTB as Durham County Council, Gateshead Metropolitan Borough Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council, Sunderland City Council and Tyne and Wear Integrated Transport Authority (TWITA). Full Members will participate in decision making and have voting rights.
- 4.4 It is proposed that the councils will be represented by their respective Leaders or Elected Mayors and at chair level for the ITA. Each member will also nominate a deputy.
- 4.5 Additional non voting members will have full access to meetings of the NELTB including access to papers and will be expected to fully participate in NELTB discussions. At this stage the non-voting membership will be held by North East Local Enterprise Partnership.
- 4.6 The Chair and Vice Chair of the NELTB will be appointed in accordance with the wider governance of the Seven North East Authority groups. The Chair will have the casting vote should there not be a majority. Under the framework NELTB members are to act in the wider interests of the NELTB as a whole and not according to sectoral or geographic interests of their particular authority.
- 4.7 Newcastle City Council will act as Accountable Body for NELTB on an interim basis and will be responsible for the legal and financial management of major scheme grant funding and the implementation of the decisions made at member level.

- 4.8 The NELTB is required to submit a list of prioritised local major transport schemes to DfT by July 2013. Schemes to be considered will need to have a minimum cost threshold of £2.5m, a Benefit Cost Ratio of 2:1 or more and a local funding contribution which would normally be at least 10% of scheme costs. Prioritisation will be carried out through an assessment of Policy Fit, Value for Money and Deliverability. A series of ten criteria have been developed to assess Policy Fit around the themes of economic growth and jobs, access to opportunity and quality of life. Initial scheme information will be provided by scheme promoters and this will be subject to independent third party assessment who will present findings to NELTB to aid their decision making.
- 4.9 Prioritised schemes will be required to produce full business cases in line with DfT's Transport Business Case methodology. NELTB will review and approve business cases at specified gateways to ensure schemes still provide value for money and are deliverable to agreed timescales.

5.0 Reasons for the Decision

- 5.1 In order for Local Authorities to be eligible to receive devolved Local Major Transport funding in future, the Department of Transport requires Local Transport Bodies to be formed and for each Local Transport Body to submit an Assurance Framework which is in accordance with DfT guidance.
- 5.2 For Sunderland the relevant Local Transport Body is the North East Local Transport Body and the Council needs to decide whether it wishes to take up membership of NELTB.
- 5.3 In accordance with DfT guidelines, before submission to DfT the Council also needs to approve the Assurance Framework for the operation of NELTB. The draft Assurance Framework is attached for consideration and Cabinet is asked to approve the key principles of the Framework. The draft may be subject to minor modification prior to finalisation and therefore in order to comply with the DfT's strict deadline it is recommended that Cabinet delegate authority to the Deputy Chief Executive, in consultation with the relevant Portfolio Holder, to agree the finalised Assurance Framework.
- 5.4 Delegation is also sought to officers to allow completion of any necessary documentation and legal agreements with the NELTB and its accountable body associated with the Assurance Framework.

6.0 Alternative Options

- 6.1 The alternative options would be for the Council to decide not to become a member of the Local Transport Body or to reject the Assurance Framework.
- 6.2 Failure to take up membership of the Local Transport Body would prevent the authority from accessing future Local Major Transport funding or influencing key transport decisions in the area in light of the proposed devolution of this funding provision.
- 6.3 DfT have indicated that failure to submit an Assurance Framework agreed by all member organisations could put at risk the ability of the Local Transport Body to have schemes ready from 2015 and therefore DfT may consider delaying the devolution of funding to these areas

7.0 Impact Analysis

Sustainability –Local Major Transport Schemes are intended to increase economic growth and sustainable employment, increase access to opportunities and improve quality of life. The prioritisation framework includes consideration of improvement to local environments, sustainable access solutions and reduction in carbon emissions.

8.0 Other Relevant Considerations / Consultations

New and improved access to employment sites is a key enabler for delivering the Economic Masterplan. It is important that the City engages through the NELTB in order to access funding for transport infrastructure to support this.

9. List of Appendices

North East Local Transport Body Draft Assurance Framework

11. Background Papers

Department for Transport - Local Frameworks For Funding Major Transport Schemes: Guidance For Local Transport Bodies

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15176/guidance-local-transport-bodies.pdf