



# **Transport North East**

## **Transport Assurance Framework**

**October 2019**

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## 1. Introduction

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### 1.1 Purpose

- 1.1.1 This Transport Assurance Framework explains the arrangements for supervising funding allocated to the North East Joint Transport Committee (JTC) in order to:
- Demonstrate that provisions are in place to ensure accountable and transparent decision-making;
  - Manage the risks to the programme associated with the allocation of devolved funding;
  - Appraise projects and allocate funding; and
  - Monitor and evaluate projects to ensure that they achieve value for money and projected outcomes.
- 1.1.2 This Assurance Framework applies to North East transport projects and programmes where funding is devolved to the JTC. It is supported by two further documents:
- **Transport Scheme Development Process Note**, Transport North East, October 2019
  - **Proportionality Technical Note**, Systra/JMP, October 2016

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## 2. Governance

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### 2.1 Structure and Operating Principles

- 2.1.1 The North East Joint Transport Committee (JTC) consists of the seven local authorities of Durham County Council, Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council and Sunderland City Council. In Tyne and Wear the Passenger Transport Executive, Nexus, oversees public transport provision and owns and operates the Metro.
- 2.1.2 The JTC has responsibility for local transport funding, including funding for transport schemes that is devolved by Government. The JTC has been charged with overseeing the programme management and delivery of transport schemes which are funded by the Local Growth Fund programme and the Transforming Cities Fund (TCF). The JTC will also be required to oversee the programme management and delivery of future devolved funding streams for transport.

### 2.2 Support and Administration Arrangements

- 2.2.1 The Transport North East Strategy Unit (TNESU) is a specialist transport resource that provides support to the JTC, the North East Transport Strategy Board and its advisory groups.
- 2.2.2 The JTC seeks specialist advice from the TNESU on matters associated with the region's transport network and can also draw advice from technical officers within the Committee's constituent local authorities. This arrangement ensures that adequate

officer resources are in place to underpin legal, financial, programme management, democratic services and audit arrangements.

2.2.3 The TNESU, acting on behalf of the JTC, will provide the following support to the devolved transport funding programmes delivered through this assurance framework:

- Day to day administrative functions such as the preparation of meeting papers, minutes, agendas, working papers, progress reports, information reports, decision reports, etc.;
- Responding to information requests;
- Give notice of meetings and publishing information;
- Advise on scheme priorities, programming and gateway approvals, using advice from independent technical advisors on business case material submitted by scheme promoters. These technical advisors will be procured by the TNESU, and financial resources for this purpose will be identified and agreed;
- Liaise with local highways authority and local transport authority officers to report progress on delivering funding programmes, and receive comments;
- Programme management of prioritised lists of transport schemes;
- Update this Assurance Framework based on evolving governance arrangements in the North East, and changes to Government assurance guidance; and
- Advise JTC members on specific governance, transparency and probity issues, updating guidance as necessary.

2.2.4 The Transport Strategy Board will draw on the expertise of the TNESU and its advisors to provide advice to the JTC, enabling the Committee to:

- Forward manage their Agenda;
- Forward manage the development of a programme of prioritised transport schemes for the North East area;
- Receive regular updates on progress towards targets and objectives; and
- Commission work as appropriate.

2.2.5 Figure 1 shows the governance structure in place, demonstrating how the TNESU reports through the Transport Strategy Board to the JTC. The Transport Strategy Board will meet regularly, in advance of meetings of the JTC.

### **2.3 Working Arrangements and Meeting Frequency**

2.3.1 The JTC will consider key aspects of the business case and decision-making process during its regular meetings, discussing progress on delivering the programme, approving compliant full business cases and releasing funding.

2.3.2 Meeting dates will be published on the JTC's website (<https://northeastca.gov.uk/decision-making/the-north-east-joint-transport-committee/#dates-section>). JTC meetings are open to the public.

2.3.3 Timescales for the completion of business cases, as outlined in paragraph 3.2.22, will be agreed by the JTC. Promoters will be expected to adhere to such timescales and will only be able to draw down funding once their full business case has been approved, unless staged funding has been agreed for the provision of project development funding.

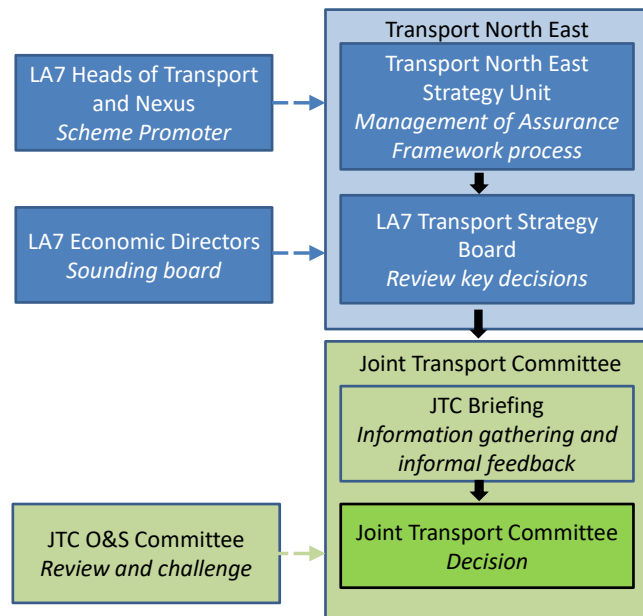


Figure 1: Governance and reporting structure

## 2.4 Operating Principles

2.4.1 The operating principles are detailed in sections 2.4.2 and 2.4.3 and expand on the following topics:

- Conflicts of interest
- Gifts and hospitality
- Status and role of accountable body
- Audit and scrutiny
- Strategic objectives and purpose
- Transparency and local engagement
- Complaints and whistle blowing

2.4.2 The North of Tyne Combined Authority constitution can be found here:

<https://www.northoftyne-ca.gov.uk/order-and-constitution>

2.4.3 The North East Combined Authority constitution can be found here:

<https://northeastca.gov.uk/about-us/neca-order-and-constitution/>

2.4.4 The Local Growth Fund projects in the North East managed under this Assurance Framework form part of the overarching LEP Assurance Framework for funding received from Central Government (other funding streams are not required to follow the LEP Assurance Framework). To view the LEP Assurance Framework visit:

<https://www.nelep.co.uk/wp-content/uploads/2016/11/North-East-LEP-Assurance-Framework-Feb-2017.pdf>

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## 3. Programme Assembly and Assurance

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### 3.1 Introduction

- 3.1.1 The prioritisation process, through which preferred local transport investments are identified, is an important element of this Assurance Framework. The process is robust and transparent, and intended to support decision making.
- 3.1.2 This process is based on the Region's transport, economic and environmental objectives and priorities, which will be reviewed from time to time to ensure these priorities are fully reflected in the Assurance Framework. The particular objectives and priorities of each funding stream made available by Government will also be taken into account.
- 3.1.3 To enable prioritisation for devolved funding streams, a transparent and robust framework for prioritising local transport schemes has been developed. This framework is clearly linked to delivering the priority outcomes of the North East area and is designed to be simple and evidence based. The criteria upon which priorities will be based are:
- A qualitative assessment of how the project achieves regional and/or programme objectives;
  - Value for money, measured either through an economic appraisal that provides a benefit:cost ratio (BCR), or a qualitative statement of value for money when an economic appraisal has yet to be conducted;
  - Deliverability to timescales/funding window; and
  - Risk profile.
- 3.1.4 The **Transport Scheme Development Process Note**, which accompanies this assurance framework, guides scheme promoters in providing evidence on value for money, deliverability and strategic fit, as well as the form of business case and supporting documents required to progress a scheme to full approval and funding release. This guidance identifies appropriate and acceptable sources of evidence and data, helping to support data quality and the rigour of the process.
- 3.1.5 Promoters should also use the **Proportionality Technical Note** that accompanies this assurance framework to guide the level of analysis required for each scheme. It is recommended that the level of analysis is agreed with the TNESU before the scheme promoter proceeds with preparing its business case.

### 3.2 Gateway Process

- 3.2.1 The process for the JTC assessment and approval of a transport scheme will comprise of three gateways as set out in Figure 2. Full scheme approval will require a robust business case and Value for Money statement to be developed as part of Gateway 2, with further refinement as part of Gateway 3. To pass each gateway, the scheme promoter requirements and gateway actions listed below it in Figure 2 must be completed satisfactorily.

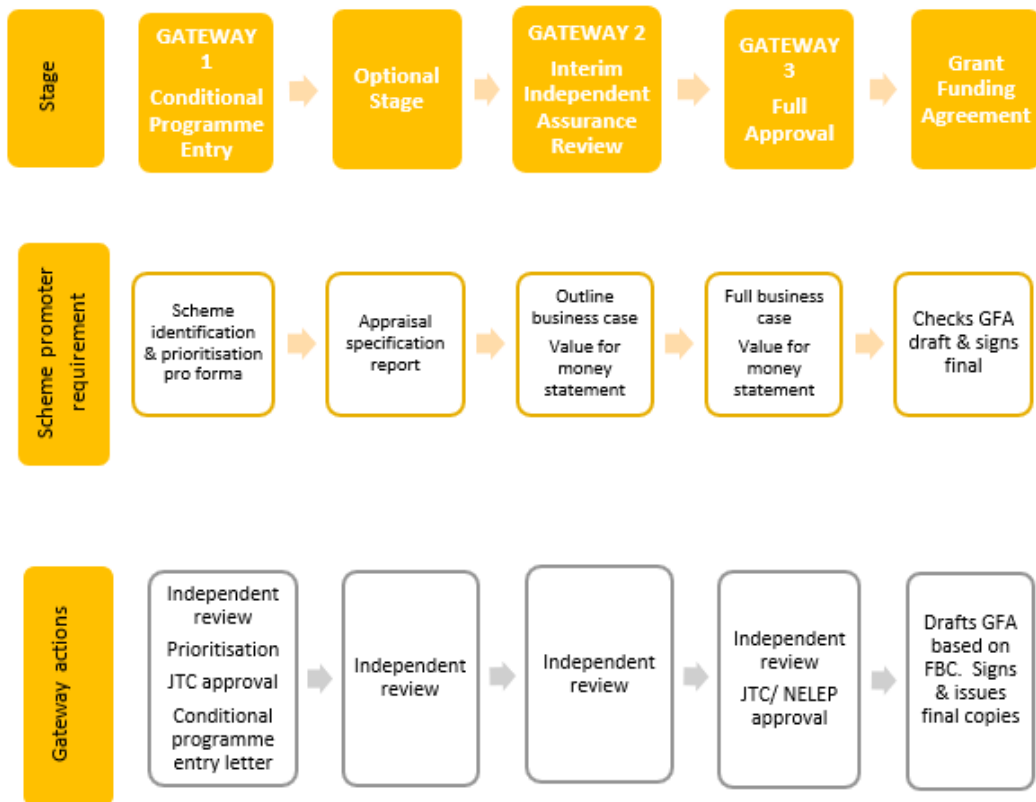


Figure 2: Gateway Process

- 3.2.2 At Gateway 1 scheme promoters are required to complete the scheme identification and prioritisation pro forma issued by the TNESU. The information provided in these pro formas will be used to both prioritise candidate schemes and also to sift out schemes that do not meet the requirements of the particular funding stream. The TNESU will report the findings of Gateway 1 reviews to the Joint Transport Committee, which will judge whether the proposal is suitable for inclusion in the programme. Those prioritised schemes will then proceed through Gateways 2 and 3.
- 3.2.3 Schemes fall into two categories based on their overall capital cost – major schemes are those where the capital sum bid for is over £1.5 million, minor schemes are those where the capital sum bid for is below £1.5 million. Table 1 outlines the criteria that major schemes will need to meet in order to be considered for programme entry. Table 2 sets out the equivalent criteria for minor schemes.

**Table 1: Major Scheme Eligibility Criteria**

**Purpose of scheme**

Schemes are required to make a significant contribution towards achieving the objectives of the funding stream, the JTC and its constituent authorities. Proposals considered via this Assurance Framework should be transport schemes that can be realistically appraised using a recognised transport appraisal methodology – normally TAG.

**Cost Threshold**

In order to be eligible as a distinct standalone project, schemes must have a total net cost to the JTC of at least £1.5m. This will prevent funding from being spread too thinly to be effective.

**Strategic Impact**

Promoters are required to demonstrate how their scheme will have a positive impact on the transport, economic and social challenges within the North East region. It is desirable that schemes will have an impact on a wide area however this does not preclude localised issues being addressed, given that localised solutions can frequently have wider social, environmental and economic impacts.

**Value for Money**

Scheme promoters will be expected to meet requirements set out in section 4.2 (in outline form only for Gateway 1, in line with paragraphs 4.2.4 and 4.2.5).

**Deliverability**

Proposed schemes need to have a reasonable degree of support and must be deliverable within the relevant investment period. An assessment of deliverability must be undertaken in accordance with broad deliverability areas set out in section 4.3.

**Local Contribution**

Scheme promoters should normally provide a local contribution of at least 10% per scheme, although this may vary according to the funding opportunity available. Different requirements are set out for small schemes as part of mini-programmes (see Table 2 below).

**Table 2: Minor Scheme Eligibility and Special Conditions**

**Purpose of minor schemes within mini-programmes or sub-blocks**

This Assurance Framework is largely pitched towards the conditions, governance and delivery associated with major transport schemes. However, various opportunities will exist within future JTC funding programmes to identify and deliver mini-programmes of, typically, smaller transport schemes. The assurance conditions and processes outlined here generally apply to individual schemes within these mini-programmes, albeit via exercising proportional approaches (a technical note on proportionality accompanies this Assurance Framework) to appraisal and business case development, but with some special parameters and conditions as follows:

**Cost Threshold**

Smaller schemes within mini-programmes will have a total net cost to the JTC of less than £1.5m. However, only in rare and exceptional circumstances will specific schemes of a total net cost to JTC of between £1m and £1.5m be considered within these mini-programmes. This is so the limited funding resources allocated to these blocks can be used to address a range of local problems or challenges across a reasonable geographical spread.

**Local Contribution**

Scheme promoters should normally provide a local contribution of at least 20% per minor scheme, although this may vary according to the funding opportunity available. This is reflective of the greater opportunity to identify a higher percentage match contribution from local budgets for these types of schemes, and the importance of local leverage to JTC funding bids that have been secured / are being bid-for under competition.

**Relaxation of Gateway 2 (Interim Independent Assurance Review)**

Minor schemes are not required to submit an interim (or outline) business case for independent review. After passing through Gateway 1, a minor scheme can move towards full business case submission (with accompanying VFM statement) and independent review at Gateway 3 (Full Approval). A light-touch interim business case review may be requested by a scheme promoter if felt necessary to help guide full business case development.

3.2.4 Schemes will be assessed to ensure they meet regional policy objectives and the specific objectives set out for the funding stream available. Policy objectives have been developed based upon the key themes agreed by partner organisations in the region and incorporated into policy and strategy documents including the Strategic Economic Plan, the Local Industrial Strategy and the North East Transport Plan. These policy objectives are:

- Economic Growth and Jobs
- Access to Opportunity
- Quality of Life
- Health and Environmental benefits

As strategic documents are refreshed and new documents are developed, these policy objectives will be kept under review.

3.2.5 These themes have been broken down into policy challenges and defined criteria, in order to develop fully the component parts of the key themes and ensure the policy criteria fully reflect the themes that apply in the North East. For each proposal or scheme assessed, each component criterion is independently scored using quantitative and qualitative evidence provided by the scheme promoter, reflecting the range of impacts likely from the transport schemes under consideration.

3.2.6 The overall assurance framework is an open framework, with the intention that decision makers should see exactly how and where each proposed scheme contributes to the delivery of the North East's agreed policy outcomes and its strategic objectives. This is one of the key features of the approach and is designed to ensure transparency both to stakeholders and the JTC. Where a scheme will deliver positively against a number of these key outcomes, it will be clear that it does so, and a scheme will be credited accordingly. There is scope within the process for the JTC to be made aware of where such benefits are complementary.

3.2.7 A Process Note has been produced for scheme promoters to ensure that schemes are identified in the context of strategic objectives and related challenges, whilst also following a consistent and understandable approach to appraising and developing the business case for each scheme, as well as ensuring that fundamental legislative and assurance requirements are met.

3.2.8 All schemes submitted for consideration will be scrutinised independently on behalf of the TNESU, the Transport Strategy Board and the JTC. The verified information will be used to rate projects and place them on the prioritised list. For consistency the scheme assessment is undertaken by a sole independent assessor. The promoter(s) of each scheme or proposal will be required to attend a clarification meeting. Each meeting will allow the independent assessors to verify scheme evidence and data, and to cross examine scheme sponsors to clarify any issues which are unclear within the evidence presented, and to enable the scheme assessors to gain a clear understanding of the scheme and what it is trying to achieve.

3.2.9 Where there is good cause for doing so the JTC will consider the possibility of the release of 'development' or 'interim' funding through a Gateway 1 Grant Funding Agreement. Such circumstances where a Gateway 1 Grant Funding Agreement could be explored relates to schemes that have been given programme entry status, are considered to have a low risk to overall delivery, where there is sound and progressive development of a scheme business case and early deliverables but



where there is still a significant time gap to achieving a full business case and full funding release.

3.2.10 For a scheme to complete the transition from concept to fully funded proposal, the following process applies:

#### **Gateway 1: Conditional Programme Entry**

Requirements to be fulfilled by Promoter:

- Promoter prepares Scheme Identification and Prioritisation Pro Forma and submits to TNESU, using guidance provided in the Transport Scheme Development Process Note.
- Promoter should normally produce and submit an Appraisal Specification Report to the TNESU (see 3.2.11)

Gateway actions undertaken:

- Consultation held
- Optional Appraisal Specification Report Review

#### **Gateway 2: Interim Independent Assurance Review**

Requirements to be fulfilled by Promoter:

- Promoter prepares Outline Business Case using template and guidance provided in the Transport Scheme Development Process Note;
- Outline Business Case is submitted to TNESU;
- Value for Money Statement prepared and submitted

Gateway actions undertaken:

- Outline Business Case undergoes independent assessment;
- Value for Money Statement undergoes independent review;
- The TNESU reviews independent advice;
- Advice from independent assessor is considered by Scheme Promoter

#### **Gateway 3: Full Approval**

Requirements to be fulfilled by Promoter:

- Final Business Case submitted to the TNESU using template and guidance provided in the Transport Scheme Development Process Note;
- Value for Money Statement finalised and submitted.

Gateway actions undertaken:

- Final Business Case undergoes independent assessment;
- Value for Money Statement undergoes independent assessment;
- The JTC reviews Independent advice and considers Full approval;
- If approval is granted, the scheme moves to Grant Funding Agreement development and signing.

## **Grant Funding Agreement**

Gateway actions undertaken:

- Grant funding agreement proforma completed by TNESU in consultation with Scheme Promoter;
  - Final Grant funding agreement issued by TNESU;
  - Grant funding agreement signed by TNESU and Scheme Promoter as a Deed.
- 3.2.11 Prior to progression to Gateway 2, Scheme Promoters are strongly encouraged to produce an Appraisal Specification Report (ASR). This will allow the TNESU and the scheme promoter to agree the approach for developing a business case and appraisal, reducing the risk to the scheme promoter of producing a non-compliant business case. It is however permissible for promoters to move directly to outline or full business case submission at their own risk, without agreeing an ASR in advance. Progression directly from Gateway 1 to Gateway 3, however, should be agreed in advance with TNESU.
- 3.2.12 At Gateways 2 to 3 the promoter will be required to provide evidence that the scheme offers value for money, in the form of a Value for Money Statement, and demonstrate that the scheme is deliverable and should remain in the prioritised programme.
- 3.2.13 At Gateway 2 the Value for Money Statement will be reviewed by the independent technical specialist. Should the Value for Money Statement demonstrate a Poor or Low BCR as set out in paragraph 4.2.3, officers will recommend a review of the scheme.
- 3.2.14 At Gateway 3 the JTC will consider a full value for money statement and approve schemes based on the stipulations contained in paragraph 4.2.3. These Gateway 3 Value for Money Statements will be produced by the Scheme Promoter in line with the Department for Transport's guidance found on the DfT website<sup>1</sup> and will be signed off as true and correct by JTC Chief Finance Officer, taking specialist advice as appropriate. In the event of any perceived conflict of interest, the JTC Chief Finance Officer will nominate an alternative senior officer to sign-off a Value for Money Statement. The JTC will publish a Value for Money Statement for schemes that have received full approval at Gateway 3.
- 3.2.15 The JTC will need to approve the promoter's Full Business Case before funding can be released and construction commenced. The production of a Value for Money Statement in Gateways 2 and 3 will identify whether the scheme continues to offer good value for money. If a business case does not provide the required assurance of value for money the JTC may decide to withdraw a scheme from the programme.
- 3.2.16 The scheme promoter is responsible for all costs associated with producing a business case and Value for Money Statement for each scheme. This applies to each scheme that is successful in attracting funding and in circumstances where a scheme is withdrawn by the JTC or the scheme promoter at any point in the process.
- 3.2.17 Assessment and approval decisions made by the JTC will be based on advice provided by the TNESU and by independent technical specialists procured and managed by the TNESU, to ensure that scrutiny of business cases is quality assured.

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<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/630704/value-for-money-framework.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/630704/value-for-money-framework.pdf)

- 3.2.18 Scheme promoters are responsible for informing the TNESU of any changes to the scope of a scheme, its costs and implementation timescales. Scheme promoters will also be responsible for updating pro formas and business cases in order to reflect any new information. The TNESU will be responsible for assessing the impact of any changes on the overall scheme programme, working with the promoter to address any specific issues.
- 3.2.19 Once a scheme has passed Conditional Programme Entry Gateway 1, the JTC will not normally meet any scheme cost increases either in full or part, other than in exceptional circumstances where additional funding may be available due to reprogramming or savings from other schemes. Addressing cost increases will be the sole responsibility of the scheme promoter. Scheme costs for the purpose of allocating devolved fund monies will be fixed at Gateway 1. Design and development costs for schemes that receive Full Approval will be eligible as a local contribution.
- 3.2.20 Delays to a scheme may mean that it is not possible to allocate funding within the available funding period. In this case, the JTC reserves the right to re-prioritise the programme and bring forward another scheme that is deliverable within the timescales.
- 3.2.21 As part of Full Approval, the JTC will clearly set out the conditions under which the devolved funding will be spent – specifically to meet the grant conditions of the funding stream in question and deliver a capital asset based on an approved scheme design which has a contractor’s price and spending profile. These conditions will be set out in the Grant Funding Agreement.
- 3.2.22 As a guide it is assumed the following durations will apply to the gateway review process. The actual durations will be dependent on the size and complexity of the scheme, the quality of materials submitted and the level of engagement and discussions with the TNESU that has happened prior to each submission:

Scheme Promoter: Prepare and submit to TNESU a Scheme Identification and Prioritisation Pro Forma	
TNESU: Receipt of Scheme Identification Pro Forma, JTC to grant Conditional Programme Entry	1 month
Scheme Promoter: Prepare an Outline Business Case and VFM Statement	
TNESU: Receipt of Outline Business Case/VFM Statement, Complete Independent Review, JTC to grant approval	2 months
Scheme Promoter: Prepare a Full Business Case and VFM Statement	
TNESU: Receipt of Full Business Case/VFM Statement Review, Complete Independent Review, JTC to approve to release funding	2 months

### 3.3 Programme Management

- 3.3.1 The TNESU will carry out programme management of agreed transport schemes, on behalf of the JTC, to ensure their delivery by scheme promoters. The identification of schemes, development of scheme proposals and completion of business cases is the responsibility of scheme promoters. This working arrangement will be underpinned by the establishment of formal grant funding agreements that protect the financial

interests of the JTC and enables the JTC to fulfil its responsibility to deliver value for money while setting out respective responsibilities including reporting and audit requirements.

### **3.4 Release of Funding, Cost Control and Approval Conditions**

- 3.4.1 No funding will be allocated to a scheme promoter via the JTC until a business case has received a Stage 1 (development works) or Full Approval and the Grant Funding Agreement has been signed as a deed. The approval will contain:
- General conditions of approval (such as the condition that monies may only be used for capital expenditure);
  - Scheme specific approval conditions (such as those relating to scheme design, matched or third party contributions);
  - The agreed allocation for the scheme;
  - An agreed funding profile to ensure delivery in the funding period; and
  - Provision for 'clawback' and recovery of non-delivery or money not spent for purposes intended.
- 3.4.2 Before any funding is released, the scheme promoter will need to 'accept' the funding (and the conditions for its use) by signing a Grant Funding Agreement issued by TNESU.
- 3.4.3 This agreement will also address the issue of 'clawback'. It will ensure a working arrangement is in place that protects the financial interests of the JTC as the Accountable Body and enables it to fulfil its responsibility to deliver value for money while setting out respective responsibilities including reporting and audit requirements.
- 3.4.4 Funds will normally be released to scheme promoters quarterly in arrears. Release of funds will be based on defrayed expenditure and made upon receipt of grant claim forms and evidence of eligibility of expenditure and delivery progress (which may include invoices, valuations of capital works, etc). Scheme promoters will be required to retain evidence for audit purposes.
- 3.4.5 Finance reports will be provided to the JTC on a quarterly basis (or more frequently if required) in line with payment of claims to scheme promoters. There will be a named finance officer at an appropriate grade who will also act as a point of contact for ad hoc finance-related queries from the JTC or scheme promoters and to attend meetings as required.

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## 4 Further Guidance

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### 4.1 Introduction

4.1.1 This section provides further guidance on detailed matters associated with the assembly of a programme of schemes and the assurance of those schemes through the gateway process in readiness for funding.

### 4.2 Value for Money

4.2.1 Value for Money is the core of the Economic Case.

4.2.2 Independent assessment of value for money (VfM) will be based upon the [estimated] BCR of the scheme and also take into account both qualitative and quantitative evidence of both monetised and non-monetised costs and benefits. A value for money assessment compares the economic, social and environmental impacts of a scheme with the costs of its construction and ongoing maintenance. This assessment of value for money will reflect guidance from the DfT's Transport Business Case Guidance and from TAG<sup>2</sup>. It is expected that scheme sponsors will reference appropriate and proportionate use of the DfT's guidelines in presenting value for money evidence. Scheme promoters should also reference detailed locally-set guidance on proportionate approaches to scheme development set in the Proportionality Technical Note, which accompanies this assurance framework.

4.2.3 The independent assessment will establish an initial value for money category from DfT Guidance<sup>3</sup> based upon the [estimated] Benefit Cost Ratio (BCR) of the scheme<sup>4</sup>. These categories are:

- Poor VfM if the BCR is less than 1.0;
- Low VfM if the BCR is between 1.0 and 1.5;
- Medium VfM if the BCR is between 1.5 and 2.0;
- High VfM if the BCR is between 2.0 and 4.0; and
- Very high VfM if the BCR is greater than 4.0.

Schemes are usually expected to achieve high or very high value for money for inclusion in the programme and awarded funding, but this will be assessed on a case by case basis (see paragraph 4.3.4 for further details).

4.2.4 As part of the prioritisation process it will be necessary to provide in the Scheme Identification and Prioritisation Pro Forma an estimate of the Value for Money (VfM) that a scheme is likely to offer. At the first stage in the scheme development process not all schemes will have a fully worked up business case that will include all aspects of the Benefit to Cost Ratio (BCR).

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<sup>2</sup> <https://www.gov.uk/guidance/transport-analysis-guidance-webtag>

<sup>3</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/630704/value-for-money-framework.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/630704/value-for-money-framework.pdf)

<sup>4</sup> For certain schemes the Present Value of Costs may be a positive number and a negative obtained (typically when revenues are received as a result of private sector operations using the new infrastructure). DfT guidance on how to interpret such appraisal outcomes should be used, as set out in Box 1.1 of "Value for Money: Supplementary Guidance on Categories" - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/627490/value-for-money-supplementary-guidance-on-categories.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/627490/value-for-money-supplementary-guidance-on-categories.pdf)

- 4.2.5 For schemes that have not yet been fully assessed, evidence from other previous comparable schemes will be examined and likely sources of benefit for each appraisal criteria identified. This approach is consistent with the DfT's Early Assessment and Sifting Tool (EAST) Guidance. A Value for Money Statement must be provided by scheme promoters for each scheme at both Gateway 2 and Gateway 3. An independent review of VfM will take place at each of these stages and reported to the TNESU. If satisfactory, the VfM Statement will be sent for approval by the JTC Chief Finance Officer.
- 4.2.6 Use of the TAG toolkit is mandatory, although proportionate application of its modules and principles is permissible and must be used to conduct appraisals and value for money assessments.
- 4.2.7 Scheme benefits potentially encompass a wide range of economic impacts including:
- Journey time savings for individuals.
  - Reduction in costs to businesses, transport operators and passengers.
  - Increasing access to education and jobs.
  - Increasing inward economic investment.
  - Keeping roads open to traffic (especially freight).
  - Reducing accidents / improving safety and security.
  - Health benefits.
- 4.2.8 Central case assessments will be based on forecasts that are consistent with the definitive version of NTEM (DfT's planning dataset) included within TAG. The JTC and individual promoters reserve the right to use alternative planning assumptions as sensitivity tests and considering the results of these when coming to a decision about whether to approve a scheme.

### **4.3 Deliverability**

- 4.3.1 Deliverability is a key element of assembling and managing a programme of schemes. Potential schemes will be assessed in relation to the level of risk associated with their deliverability. Assessments of deliverability based around four areas will be used, with each of these areas broken down into several components to ensure that all critical aspects of deliverability are examined:
- Risk to programme;
  - Risk to cost;
  - Risk to quality; and
  - Risk to acceptability.
- 4.3.2 A number of key deliverability criteria have been developed in order to assess the potential for scheme delivery in the appropriate funding period. These are outlined in the Transport Scheme Process Development Note. Schemes which perform well against the deliverability criteria will also have:
- Recently calculated outturn costs that meet the requirements of TAG including acceptable level of risk allowance;
  - A committed local contribution;
  - Established credible and realistic milestones for delivery;
  - An established process for undertaking detailed design;

- Established realistic timescales for obtaining statutory consents, carrying out / illustrating public consultation and acceptance and procuring contractors;
  - A comprehensive risk assessment in accordance with TAG;
  - A detailed governance and project management structure; and
  - An established approach to benefits realisation and monitoring and evaluation.
- 4.3.3 The JTC will require that scheme promoters invite Highways England and Network Rail to comment on any strategic road or rail schemes that are to be considered for funding. This will allow for their views on deliverability and impact on the wider network to be taken into account during the prioritisation process.
- 4.3.4 Apart from in exceptional circumstances, the prioritisation process will only consider schemes with a net requirement from public sector sources of at least £1.5m that have an adjusted BCR greater than 2 (i.e. offering 'high' value for money). The circumstances under which schemes with lower than 'high' value for money would be considered are set out below and are where at least one of the below criteria is met (where such circumstances arise, the criteria selected by the JTC to justify approval will be recorded):
- Where a project has very high level of strategic fit for the objectives of JTC
  - Where a project has significant positive Wider Economic Impacts to the JTC
  - Other significant positive wider impacts which can be quantified and attributed to the JTC area and which are in particular accordance with the objectives of the Committee. These will include health impacts, air quality, social & distributional impacts.
  - Where the investment will unlock significant development sites in the JTC area
  - Where the promoter is providing a very high proportion of scheme funding as match funding
- 4.3.5 Scheme promoters are required to maintain any asset that is created and this should be done in accordance with their Asset Management Plan or, in the case of a Passenger Transport Executive or other potential transport delivery agent, an equivalent document. The ongoing revenue costs of a scheme should be identified and a robust funding plan put in place, presented in the form of an analysis of Whole Life Costs.

#### **4.4 The Transport Business Case**

- 4.4.1 Following completion of Gateway 1 (Conditional Programme Entry), Scheme Promoters are required to prepare a business case for investment and update that business case as the scheme is developed further. Guidance on the preparation of a business case is provided in the Transport Scheme Development Process Note.
- 4.4.2 The Transport Scheme Development Process Note sets out the minimum requirements of the development of a major scheme and assists with the production of outline and full business cases and the development of a Value for Money Statement. The Process Note and accompanying Proportionality Technical Note also guides the development of business cases for minor schemes. Use of the Process Note will ensure that the information and assessment of a scheme is set out according to five cases:
- The strategic case;

- The economic case;
- The commercial case;
- The financial case; and
- The management case.

4.4.3 The monitoring and evaluation section of business cases will demonstrate how the outcomes of the scheme will be measured and outline the programme for measuring and evaluating outcomes. This will assist with scheme evaluation.

## **4.5 External Views on Business Cases**

4.5.1 It is the responsibility of scheme promoters to undertake appropriate and proportionate consultation of affected members of the public and other stakeholders in the refinement of their scheme proposals and development of their business case. A consultation plan should form part of all stages of scheme development and be reflected in project documentation.

4.5.2 In order to ensure external comment is possible, promoters will be required to share their business case with key stakeholders for consultation, before a funding approval decision is made so that external comments can be incorporated. Any comments received should be forwarded to the TNESU for inclusion in the Decision Report to the relevant approval body.

## **4.6 Monitoring and Evaluation**

4.6.1 Scheme promoters will be required to put in place mechanisms to ensure as a minimum that schemes are monitored and evaluated in line with both DfT guidance on the evaluation of local major schemes<sup>5</sup> and any additional guidance provided for specific funding streams. This will be enforced as part of the gateway process, and schemes that do not have a robust monitoring and evaluation strategy as part of their business case will not receive Full Approval at Gateway 3. All monitoring and evaluation strategies will be expected to contain a specific budget, logic map, list of metrics to be monitored and a named officer responsible for monitoring and evaluation.

4.6.2 Scheme promoters will be encouraged to share monitoring and evaluation plans with the TNESU at an early stage, in order to aid with establishing programme-wide baselines and in providing early review.

4.6.3 Monitoring metrics should at least be those set out in DfT guidance on the evaluation of local major schemes standard and enhanced monitoring measures, with appropriate additional metrics where required by specific funding streams. Where core individual metrics are not being used, this must be justified in advance of grant award.

4.6.4 A monitoring and evaluation strategy should at a minimum provide and budget for an evaluation report to be written one and five years after the opening of a scheme. There may be additional requirements in line with funding streams and these should

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<sup>5</sup> Monitoring and Evaluation Framework for Local Authority Major Schemes, 2012



be adhered to. It is expected that these reports would be shared with the funding body.

- 4.6.5 The principle of proportionality will be adhered to. Larger and more complex schemes will be expected to provide more detailed impact assessment of the transport, employment and economic impacts of investment. These may be, but are not limited to, assessments of the type identified under DfT guidance on the evaluation of local major schemes 'Fuller Evaluation'. This may also include provision for control areas, process evaluation and use of non-transport datasets.
- 4.6.6 Evaluation Plans and Reports will be published on the scheme promoter's website. The scheme promoter will be required to ensure an independent review of the monitoring and evaluation of their scheme, and this will be ensured as part of the grant award process.