

BERKSHIRE LOCAL TRANSPORT BODY (BLTB)

REPORT TO: BLTB **DATE:** 13 March 2014

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PART I

FUTURE OF THE LOCAL TRANSPORT BODY

Purpose of Report

1. To consider the options for the future of the Berkshire Local Transport Body in the light of new guidance from government concerning the establishment of Growth Deals and the merger of DfT funding into the Local Growth Fund.

Recommendation

2. You are recommended to:
 - support Option B – retention of the Berkshire Local Transport Body for prioritisation and implementation of major transport capital projects – in the short term
 - ask the Governance and Nominations Committee of the LEP to give further consideration to the long term harmonisation of governance arrangements

Other Implications

Financial

3. There are no direct financial implications. There is currently a minor cost associated with the servicing of the three meetings of BLTB held every year, which is currently met by Slough Borough Council as the Accountable Body. The Council has also agreed to take on the responsibilities including legal advice, appropriate use of funds through Section 151 Officer, adherence to the Assurance Framework, maintaining official records of BLTB proceedings and overall responsibility for decisions taken in the case of legal challenge. Slough Borough Council met these additional costs from existing budgets when the BLTB was established, and in the event that the BLTB is wound up (option A) there is no expectation that any saving will be identified.
4. The other financial costs associated with the operation of the BLTB, such as the appointment and payment of the independent assessors is paid for by TVB LEP or scheme promoters.

Risk Management

Risk	Mitigating action	Opportunities
<u>Legal</u> In responding to the changed circumstances, we fail to manage the transition	This report, together with a decision about the way forward will promote a good transition	To put in place clear, transparent and robust basis for decision making on transport capital schemes

<i>Risk</i>	<i>Mitigating action</i>	<i>Opportunities</i>
<u>Financial</u> The DfT and or the Growth Deal settlements reflect any uncertainty created by the change to governance arrangements	Clear consideration of the options and strong elements of continuity will engender confidence in the ability of TVB to manage devolved funds	To maximise the settlement for TVB area
<u>Timetable for delivery</u> Scheme promoters lack confidence in the governance process in order to continue to invest their own resources in scheme development	This report, together with a decision about the way forward will promote a good transition	To produce a strong programme of schemes ready for implementation in 2015-16
<u>Project Capacity</u> The supporting resources currently available via Slough BC are not replicated in the new arrangements if a change is chosen	In considering the pros and cons of the new arrangements, careful consideration will need to be given to the support needed to spend public money wisely and transparently	To consolidate the teamwork and partnership arrangements already developed

Human Rights Act and Other Legal Implications

5. The Scheme Promoters are all themselves local authorities and they have to act within the law. Slough Borough Council will provide legal support for the BLTB, should any questions arise. If the option for change is chosen, it will be important to make sure that the new arrangements at least match this level of support.

Supporting Information

6. The Berkshire Local Transport Body (BLTB) held its first meeting in March 2013. It was formed in response to a Department for Transport (DfT) initiative to devolve the control of capital funds for major transport schemes to LEP areas in line with the Government's localism agenda. Slough Borough Council is the accountable body for the BLTB. The assurance framework for the BLTB has been signed off by the DfT as fit for purpose.
7. Later in 2013, the Government announced that transport capital schemes would be subject of a further change, and be incorporated into the Local Growth Fund, and that allocations would be made within Local Growth Deals which would be determined in response to the Strategic Economic Plans submitted by LEPs. Further, there would be a guaranteed minimum allocation of £14.5m over four years, with any additional award being as a result of a competitive process.
8. The Royal Borough of Windsor and Maidenhead is the accountable body for the LEP, and any Local Growth Fund settlement will be paid to RBWM not Slough BC.
9. Part of the assessment of the Strategic Economic Plans relates to "Deliverability" and this in turn includes the governance arrangements proposed within each LEP area, both at the overall level, and at scheme implementation level. As part of our implementation plan we have to set out our governance arrangements for implementing any schemes funded by the Growth Deal.

10. This paper sets out the options for the inclusion, or otherwise, of the BLTB in these proposals. It also considers both a short-term and a long-term response to this challenge.
11. The guidance available from Government about the governance and implementation arrangements to do with Local Growth Fund emphasises that LEPs must provide robust, defensible, auditable and transparent arrangements. The Department for Transport has written to all Local Transport Bodies (23 December 2013) in the following terms:

“The Government does not have a view on the future role, or indeed the continued existence, of LTBs within the new arrangements once the transition [to Local Enterprise Partnerships] is complete. That is entirely a matter for local decision. The assurance frameworks under which Local Transport Bodies currently operate may be a useful example for LEPs to consider when developing their own arrangements.”
12. Colleagues involved with the discussion of governance arrangements for the LEP, the overall Growth Deal, the EU SIF and the Thames Valley Berkshire City Deal will know that these matters are far from straightforward. Any changes to the BLTB arrangements cannot be settled without reference to these other arrangements.

How Does Governance of Transport Projects Work?

13. The current BLTB process is as follows:
 - a. It starts with the award of a cash limited capital allocation for major transport capital schemes by the DfT to the accountable body (Slough BC)
 - b. The BLTB puts out a call for schemes, assesses them and puts them in a priority order; those with the highest priority are given “Programme Entry” status. The current list is available [here](#)
 - c. The promoter of a scheme with Programme Entry status then works up the full transport business case for the scheme, according to current DfT guidance, and submits their scheme for Financial Approval by the BLTB
 - d. The BLTB then refers the full transport business case for independent assessment, and assuming it receives a positive report, may give the scheme Financial Approval
 - e. The accountable body then transfers the approved capital sum to the scheme promoter for the purpose of implementing the scheme as approved
 - f. The BLTB keeps schemes under review as they progress to completion

The full detail of the approved Assurance Framework can be found [here](#).

What will change under the Growth Deal?

14. The key changes will be:
 - a. The government will award a cash limited capital allocation for projects specified in the Growth Deal to the accountable body (RBWM). There is a guaranteed element (£14.5m over four years) and discretionary element which is the subject of competition. It is not yet clear how the detail of the Growth Deal itself will confer freedoms and flexibilities to allocate or switch capital post-allocation

- b. The approval will relate to a range of projects, only some of which are Transport projects, and some process (none currently exists) will be needed for the non-transport schemes
- c. The schemes or packages with the equivalent of “Programme Entry” status will already be identified in the SEP Implementation Plan, and may or may not be specifically referred to in the Growth Deal. There will need to be a formal decision confirming which schemes do and do not have “Programme Entry” status – this will be necessary to give scheme promoters the confidence to commit their own resources to developing the full DfT business case
- d. The remaining stages are unchanged: independent assessment of the full business case, formal Financial Approval and monitoring of progress

What are the issues?

- 15. An existing parallel arrangement to the BLTB is the Funding Escalator agreed within the Growing Places Fund. This was developed as a response to the need to keep the LEP Executive and Forum focussed on strategic issues, and to make suitable arrangements for specialist decisions about the investment of public money to be made in an appropriate framework, with the proper technical advice.
- 16. The LEP will be responsible and accountable for any Growth Deal settlement, and therefore needs to make appropriate arrangements. As far as the transport schemes are concerned, the DfT guidance gives a strong suggestion that this should include an Assurance Framework that meets the existing requirements set for the BLTB.
- 17. At the moment, the BLTB is actually independent of the LEP, even though the nomination of the Business Members gives the LEP considerable influence.
- 18. Whilst allowing the BLTB to continue in the short-term has immediate attractions, in the longer-term it sits uncomfortably with the accountability line through the LEP.

Transport Schemes, Highway Authorities and the law

- 19. Investment in transport schemes that involve alterations or additions to the public highway can only be made with the consent and permission of the relevant Highway Authority. In Thames Valley Berkshire the six unitary authorities are each Highway Authorities, and in addition the Highways Agency controls the motorway network. Therefore while the LEP can direct funds towards some schemes and away from others, it cannot force a scheme onto a reluctant Highway Authority. Therefore any decision making process should involve appropriate collaboration and co-operation between the LEP and the local authorities.
- 20. The current arrangements involving coordination through the Berkshire Strategic (Officers) and (Members) Forum meetings provide a practical and transparent way of achieving this necessary cooperation.

Option A – Winding up of the Berkshire Local Transport Body and transfer of responsibility for the delivery of major transport capital projects to the LEP Executive and Forum

21. Under this option all decision making relating to major transport capital schemes would be retained by the LEP Executive and Forum. The Berkshire Strategic Transport (Members) Forum could be retained to give advice (but not make decisions) or it too could be wound up.

Option B – Status Quo: The LEP recognises the LTB as the competent body for prioritisation of schemes and for the implementation of major transport capital schemes

22. Under this option the LEP continues to appoint 6 business representatives to join the 6 elected members to make formal decisions about implementation of schemes. The Berkshire Strategic Transport (Members) Forum would be retained or it could be wound up.

23. The only difference between this and the current arrangements would be that while the BLTB would continue to put out a call for schemes, and would continue to prioritise between schemes, the final lists would be recommended by the LTB and confirmed by the LEP instead of being confirmed by the LTB.

24. Under both Option A and Option B it is proposed to retain the Berkshire Strategic Transport (Officers) Forum.

	Option A	Option B
Pros	Concentrates decision making in one body	Builds on the successful development of the LTB. Uses the DfT approved Assurance Framework. Involves senior representatives of the 6 Highway Authorities – whose co-operation will be required
Cons	May overload the LEP Exec/Forum. LEP Exec/Forum may not have the necessary technical/specialist knowledge	Creates an overhead cost Allows for possible conflicts between the LTB and LEP