



# **NORTH EAST COMBINED AUTHORITY**

## ***TRANSPORT ASSURANCE FRAMEWORK***

*March 2015*

## **PART ONE: PURPOSE, STRUCTURE AND OPERATING PRINCIPLES**

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### **1. Structure and Operating Principles**

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- 1.1 The North East Combined Authority (NECA) was established on the 15<sup>th</sup> of April 2014 under the Local Democracy, Economic Development and Construction Act 2009. NECA 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.
- 1.2 The Order passed by Parliament which established the Combined Authority also dissolved the Tyne and Wear Integrated Transport Authority (ITA). The role of the ITA, along with its property, rights and liabilities, transferred to the NECA. There is now one single body with responsibility for strategic transport across the seven local authority areas.
- 1.3 The previous role of the local transport body will be fulfilled by the NECA, which will assume responsibility for local major transport funding devolved by government. The North East Combined Authority have been charged with overseeing the programme management and delivery of transport schemes which were included in the Local Growth Deal Round One and published in the North East Strategic Economic Plan.

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### **2. Support and Administration Arrangements**

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- 2.1 The resources to support the NECA will be managed by a core secretariat, which will consist of officers working on behalf of the seven north east local authorities. These officers (a Policy Manager and Policy Support Officer) are already in place on a full time basis within Newcastle City Council, and are jointly funded by the 7 local authorities in the NECA area. Officers employed by Newcastle City Council Democratic Services will provide secretariat and administration resource to the NECA.
- 2.2 The NECA will be able to seek specialist advice from the departments of its constituent local authorities. This arrangement will ensure that adequate officer resources are in place to underpin legal, financial, programme management, democratic services and audit arrangements.
- 2.3 The NECA will provide the following support to the transport programme:
  - 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;
  - Stakeholder engagement through regular update of the NECA web page and organisation of specific consultation events as appropriate;

- Procurement of independent technical advice on business case material submitted by scheme promoters, which will be used to make decisions on scheme priorities and programming;
  - Resource to assist in the programme management of the prioritised list of schemes;
  - Updating this Assurance Framework based on the evolving role of the NECA; and
  - Advice to NECA members on specific governance, transparency and probity issues, and updating guidance as necessary.
- 2.4 Independent scrutiny of business cases will be provided by a neutral third party with appropriate technical expertise. This expertise will be procured by Newcastle City Council, for the North East Combined Authority Transport Group (Terms of Reference in Annex E) on behalf of the NECA. Financial resource to allow procurement of this specialist advice has been identified and agreed.
- 2.5 Three groups: the NECA Transport Group, LA7 Economic Directors and LA7 Chief Executives (Terms of Reference in Annex C, D, E), will advise the North East Leadership Board and the Transport North East Committee (TNEC), enabling them to:
- Forward manage their Agenda;
  - Forward manage the development of a programme of transport scheme priorities for the NECA area;
  - Receive regular updates on progress towards targets and objectives; and
  - Commission work as appropriate.
- 2.6 As illustrated by Figure One, the NECA Transport Group will report to the NECA Leadership Board and its Transport North East Committee via the LA7 Economic Directors and LA7 Chief Executives groups. The groups will meet regularly in advance of meetings of the NECA Leadership Board

## 2.7

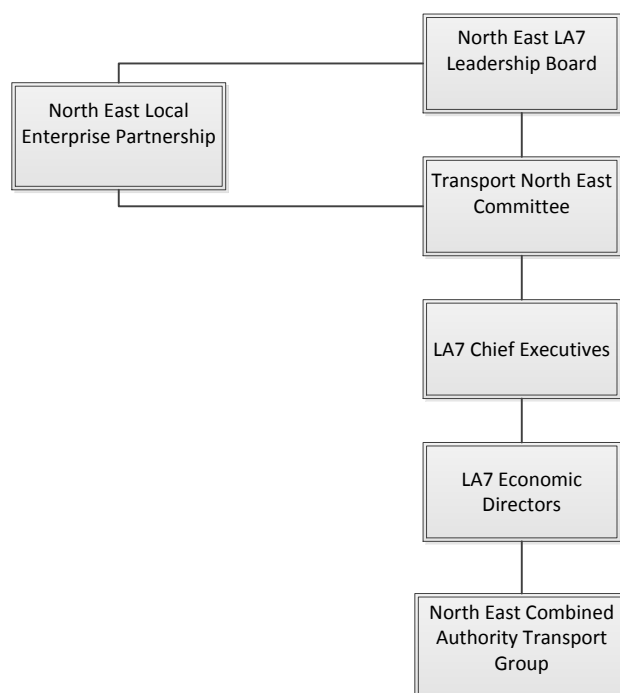


Figure 1: Governance and reporting structure

- 2.8 The information provided by scheme promoters to the NECA and Transport North East Committee will be verified by independent technical specialists commissioned and managed by the NECA Transport Group to ensure rigour and data quality. Both the information provided and its appraisal will be developed in accordance with the guidance published in WebTAG at the time the business case is submitted to the NECA for approval. Central case assessments will be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). This requirement will not preclude the use of alternative planning assumptions as sensitivity tests.
- 2.9 The appointed independent technical specialists will then provide advice to the NECA indicating how well each submitted scheme performs in terms of policy fit, value for money and deliverability.
- 2.10 The NECA will use the advice provided by the groups outlined in sections 2.5 - 2.7 to programme manage and release funding for the prioritised major schemes in the area.

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### 3. Working Arrangements and Meeting Frequency

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- 3.1 The NELB and the Transport North East Committee will meet at key points in the business case and decision making process including those outlined in para 10.4, to discuss progress on delivering the programme.

- 3.2 Meeting dates will be published on the NECA web page ([www.northeastca.gov.uk/home](http://www.northeastca.gov.uk/home)) with a minimum of one month advance public notice (except in cases of an urgent / emergency meeting date being calendared – arrangements for urgent meetings will be outlined in the Standing Orders for meetings). North East Leadership Board and Transport North East Committee (TNEC) meetings will be open to the public.
- 3.3 Timescales for the completion of business cases, as outlined in part 3, paragraph 10.4, will be agreed by the NELTB. 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.
- 3.4 The ten transport schemes that were previously prioritised by the North East Local Transport Body (NELTB) will not need to receive sign off from the North East Leadership Board and, instead, approval can be granted by TNEC. Those schemes that were not previously approved by the NELTB will go to the North East Leadership Board for approval.

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#### **4. Operating Principles**

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- 4.1 Refer to The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Constitution, April 2014 for information on how the following are dealt with:
- 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
- 4.2 The constitution can be found here; <http://www.northeastca.gov.uk/who-we-are/north-east-leadership-board-constitution>.

## **PART TWO: PRIORITISATION**

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### **5. Introduction**

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- 5.1 The NECA / NELEP has an established programme of major scheme transport interventions starting in the period 2015/16-16/17. These investments have been determined using a robust prioritisation process.
- 5.2 The prioritisation process, through which preferred local transport investments have been identified, is an important element of this Assurance Framework. The process is robust and transparent, and intended to support decision making. The methodology will be available on the North East Combined Authority's (NECA) webpage ([www.northeastca.gov.uk/](http://www.northeastca.gov.uk/)) and the North East Local Enterprise Partnership's (NELEP) webpage ([www.nelep.co.uk/](http://www.nelep.co.uk/)).
- 5.3 To enable prioritisation, a transparent and robust methodology for prioritising local major transport schemes for delivery through the devolved process has been developed. The methodology is clearly linked to delivering the priority outcomes of the NECA/NELEP area and is designed to be relatively simple, transparent and evidence based. It is broadly based on three dimensions, namely:
- Policy fit (including environmental and social and distributional impacts);
  - Value for Money; and
  - Deliverability.
- 5.4 The methodology is an open framework, where all of the evidence inputs can be clearly seen by stakeholders and decision makers. There is also no attempt to imply an element of precision in evidence presented where there is none, nor is there any attempt within the methodology to combine the three dimensions (policy, value for money and deliverability) to give an overall score for a scheme or intervention. Data gaps are identified, not concealed.
- 5.5 Guidance has been issued to prospective scheme sponsors on the types of evidence which are likely to support the policy criteria adopted (see Annex F), and to guide scheme sponsors in providing evidence on value for money and deliverability (sections 8 and 9 respectively). This guidance identifies appropriate and acceptable sources of evidence and data, helping to support data quality and the rigour of the process.
- 5.6 All schemes submitted for consideration are subject to independent assessment. For consistency the scheme assessment is undertaken by two separate assessors for each scheme. Following assessment of all schemes submitted to a particular round of the LGF process a moderation exercise will

be undertaken by the scheme assessors and an independent adjudicator to resolve any divergence in assessment scores. 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.

5.7 Policy criteria have been developed based upon the three key themes agreed by the partner organisations, namely:

- Economic growth and jobs
- Access to Opportunity
- Quality of Life

5.8 These themes have been broken down into 9 policy challenges and 10 defined criteria in order to develop fully the component parts of the key themes and ensure that the policy criteria fully reflect the themes they represent across the North East (see Table 2). For each proposal or scheme assessed, each component criterion is independently scored using quantitative and qualitative evidence provided by the scheme sponsors, against a numeric scale, with the lowest score of zero representing no positive impact. The graduated scoring scale for each criterion reflects the range of impacts likely from the transport schemes under consideration. Detailed scoring notes, based on the North East area's policies and plans, including documents from the NECA's constituent bodies, have been developed to guide the independent assessment of proposals.

5.9 Independent assessment of value for money (VfM) will be based upon the [estimated] BCR of the scheme that takes into account both qualitative and quantitative evidence of both monetised and non monetised costs and benefits. This assessment of value for money will reflect guidance from the DfT's Transport Business Case and from WebTAG. It is expected that scheme sponsors will reference appropriate and proportionate use of the DfT's guidelines in presenting value for money evidence.

5.10 The independent assessment will establish an initial value for money category from DfT Guidance (available from [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/267296/vfm-advice-local-decision-makers.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/267296/vfm-advice-local-decision-makers.pdf)), based upon the [estimated] Benefit Cost Ratio (BCR) of the scheme.

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.
- 5.11 Deliverability is a key element of the methodology. Potential schemes will be assessed in relation to the level of risk associated with their deliverability. Assessments of deliverability based around three areas will be used, with each of these areas broken down into a number of components to ensure that all critical aspects of deliverability are examined:
- Risk to programme; Risk to cost; and
  - Risk to acceptability.
- 5.12 For each of the key deliverability components a Red-Amber-Green (RAG) assessment will be undertaken based on the level of risk associated with that component. Red will indicate a key deliverability issue indicating that it is unlikely that the proposed scheme could be delivered within the indicative time period.
- 5.13 As such, the prioritisation framework is evidence based and scheme promoters are required to provide detailed evidence to demonstrate the contribution their proposal will make towards achieving the objectives of the NECA/NELEP. In order to enable this to be assessed, promoters must illustrate that their scheme is deliverable, that it constitutes value for money and they must explain its contribution towards the delivery of the set of policy criteria (see Table 2) which have been formulated to address the policy challenges faced by the NECA/NELEP area.
- 5.14 The NECA/NELEP will ensure that Highways England and Network Rail are invited to comment on any strategic road or rail schemes that are to be considered for major scheme funding. This will allow for their views on deliverability and impact on the wider network to be taken into account during the prioritisation process.
- 5.15 The prioritisation process will only consider schemes with a net requirement from the local growth fund of £2.5m that have an adjusted BCR greater than 2. Advice will be provided to the NECA on the deliverability of schemes and they will be assessed for value for money. Schemes that have poor value for money, or that cannot be commenced and be significantly underway in the 2015-19 period will not be considered. Prioritisation will be as part of an open framework taking in to account their contribution to addressing the policy challenges outlined in Table 2.
- 5.16 Scheme promoters are expected 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.



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## 6. Scheme Eligibility

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- 6.1 Candidate schemes for consideration are identified by the respective scheme promoters: (currently the seven local authorities in the NECA/NELEP area and Nexus) via the North East Combined Authority Transport Group. A 'long list' of candidate schemes is maintained taking in to account the 3 Local Transport Plans in the NECA/NELEP area and the current move towards a single Transport Plan for the seven, development plans across the 7 local authorities and previous work on local major schemes development such as the 'Access to Tyne and Wear City-Region' study.
- 6.2 This long list is maintained by the NECA Transport Group, and refined using the governance and reporting structure outlined in paragraph 2.7 to contain those schemes most likely to address a set of policy, deliverability and value for money criteria (as outlined in sections 7-9).
- 6.3 Following these processes, a shorter list of candidate schemes will provide detailed evidence of their suitability across these criteria. This evidence will be scrutinised thoroughly by an independent third party appointed by the NECA Transport Group because of their neutrality and technical expertise. This third party will then provide the results of their findings to the NECA/NELEP to aid their decision making.
- 6.4 Table 1 below outlines the major scheme criteria. More detail follows in sections specifically on policy and deliverability criteria.

### **Table 1: Major Scheme Eligibility Criteria**

#### **Purpose of scheme**

Schemes are required to make a significant contribution towards achieving the objectives of the NECA/NELEP as defined by the Guidance on Evidence document (Annex F). Proposals considered via this Assurance Framework should be transport schemes.

#### **Cost Threshold**

In order to be eligible, schemes must have a total net cost to the NECA/NELEP of at least £2.5m. This will prevent funding from being spread too thinly to be effective. Funding can only be used for capital expenditure.

#### **Strategic Impact**

Promoters are required to demonstrate how their scheme will have a positive impact on the transport challenges within the NECA/NELEP area. It is desirable that schemes will have an impact on a wide area however this does not preclude localised issues being addressed, given the knock-

on effect of improvements to the local economy improving the sub-regional / regional economy.

### **Policy Criteria**

Schemes need to demonstrate how they contribute to the specified policy criteria. Given the NECA/NELEP's strong emphasis on economic growth and development, the schemes should contribute towards local and economic development.

### **Value for Money**

Schemes are required to provide an estimate of the Value for Money (VfM) a scheme is expected to provide. In order to be eligible, schemes must demonstrate they provide high value for money. For the prioritisation process, promoters will be required to estimate a Benefit Cost Ratio (BCR) for their scheme(s). Regular VfM statements will be required in order to adjust the BCR as part of the move towards full scheme approval.

### **Deliverability**

Proposed schemes need to have a reasonable degree of public and stakeholder support and must be deliverable within a clearly defined timescale. An assessment of deliverability must be undertaken in order to identify any potential "under spend".

### **Local Contribution**

Scheme promoters are encouraged to provide a local contribution which would normally be at least 10% per scheme.

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## **7. Policy Criteria**

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- 7.1 The policy criteria build upon the objectives of the three Local Transport Plans in the NECA/NELEP area and are based upon three key themes:
- Economic growth and job creation;
  - Access to opportunity; and
  - Quality of life.
- 7.2 These key themes are broken up in to ten discrete policy criteria. These criteria allow scheme promoters to provide both quantitative and qualitative information to describe the policy contribution of their scheme.
- 7.3 The overall assessment framework is an open framework, with the intention that decision makers on the NECA/NELEP and supporting officers 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 maximum transparency both to stakeholders and the NECA/NELEP. 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 NECA/NELEP to be made aware of where such benefits are complementary.

7.4 **Table 2: Themes split by challenge and policy criteria**

Theme	Challenge	Criteria
Economic Growth and Job Creation	Supporting jobs	Will the scheme contribute to the creation of new jobs and retention of existing jobs in the NECA/NELEP area?
	Supporting gateways and national and international trade	Will the scheme support the NECA/NELEP area gateways?
	Contributes to skilled employment or training	Will the scheme encourage the development or retention of skilled jobs (NVQ Level 4 and above) and support sites that deliver the training for such skills?
	Support the NECA/NELEP spatial strategies and economy	Will the scheme provide sustainable access solutions to existing and growing development corridors, centres and sectors or support housing growth?
	Attractiveness of the NECA/NELEP area as a place to do business	Will the scheme ensure capacity and speed of transport links to and within the NECA/NELEP area are maintained and enhanced in order to increase the attractiveness of the NECA/NELEP area as a place to do business, boosting inward investment and improving competitiveness of indigenous firms?
Access to Opportunities	Improves connectivity from residential areas to employment opportunities	Will the scheme deliver improved accessibility from residential areas to areas that have employment, education or other opportunities?
		Will the scheme contribute to an improvement in the overall quality of journeys, particularly those providing links to employment and health or education opportunities?
Quality of Life	Improving the local environment	Will the scheme contribute to an overall improvement in the local environment including improving local air quality or reducing the noise impact

		of transport corridors?
	Achieving carbon reduction targets	Will the scheme contribute to an overall reduction in carbon emissions relative to the existing situation?
	A healthy population	Will the scheme provide the opportunity to improve health, reduce levels of obesity among the population or improve road safety within the area?

- 7.5 A detailed set of guidance has been produced for scheme promoters that ensures as far as possible a consistent level of information is available to inform the prioritisation process. This guidance is contained within Annex F and provides advice on Policy Criteria (for example, environmental and social and distributional impacts), Value for Money and Deliverability. A pro-forma for use by scheme promoters has been developed to accompany the guidance and is contained within Annex G.

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## **8. Value for Money**

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- 8.1 As part of the prioritisation process it will be necessary to provide an estimate of the Value for Money (VfM) that a scheme is likely to provide. 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). The guidance note contained within Annex F provides advice on how VfM should be assessed in this instance.
- 8.2 For schemes that have not yet been fully assessed the required approach will be to examine the evidence from other previous schemes. This approach is consistent with the DfT's Early Assessment and Sifting Tool (EAST) Guidance.
- 8.3 A local contribution to the scheme may contribute to its Value for Money. It is expected that the local contribution should normally be at least 10% of the total scheme cost. This contribution may, for example, include money from section 106 planning agreements or the Community Infrastructure Levy.

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## **9. Deliverability**

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- 9.1 Deliverability is a key element of the methodology and great importance is placed on a robust deliverability assessment.
- 9.2 A number of key deliverability criteria have been developed in order to assess the potential for scheme delivery in the 2014-19 period. These

are outlined in Annex F of this Assurance Framework. Schemes which perform well against the deliverability criteria will have:

- Recently calculated outturn costs in a WebTAG compliant way;
- Established key milestones for delivery;
- Established a process for reaching detailed design;
- Established realistic timescales for obtaining statutory consents, carrying out / illustrating public consultation and acceptance and procuring contractors;
- A robust risk assessment; and
- A detailed governance and project management structure.

## **10. Scheme Assessment and Approval**

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- 10.1 The NECA will carry out programme management of agreed transport schemes, on behalf of the wider NECA/NELEP partnership to ensure their delivery. There is a clear distinction between scheme promoters and the NECA. The identification of schemes, development of scheme proposals and completion of business cases is the responsibility of scheme promoters. The NECA will act as the programme manager. The NECA will assess business cases and the findings will help inform decisions on whether to provide funding for a scheme. This working arrangement will be underpinned by the establishment of formal back to back agreements that protect the financial interests of the NECA as the Accountable Body and enables the NECA to fulfil its responsibility to deliver value for money while setting out respective responsibilities including reporting and audit requirements.
- 10.2 An assessment of all major scheme business cases will be carried out by an independent third party with the relevant technical expertise, and this expertise will be procured by Newcastle City Council on behalf of the NECA Transport Group. The independence of each review will be signed off by an appropriate senior member of the independent organisation undertaking the review.
- 10.3 Scheme promoters will be required to use DfT's Transport Business Case Methodology when developing their business case.
- The process for the NECA assessment and approval of a major scheme will comprise of three 'gateway' stages and full scheme approval will require a robust business case to be developed as part of Gateway 2, with further refinement as part of Gateway 3.
- 10.4 The methodology outlined in part 2 will assist the NECA/NELEP in prioritising schemes. Those prioritised schemes will then proceed through the summarised process outlined below in order to progress a scheme to Full Approval. This approach is consistent with DfT's 'The Transport Business Case' guidance:

***Following prioritisation of the proposal by the NECA (Gateway 1 - Programme Entry), the following process applies.***

**Gateway 1 Approval Stage: Programme Entry**

**(Advancement to Gateway 2 requires the following steps)**

- Promoter prepares Outline Business Case and submits to the Transport Officers Group..
- Outline Business Case undergoes independent assessment
- Value for Money Statement prepared by Scheme Promoter and signed off independently.
- Consultation held
- The Transport Officers' group reviews independent VFMS advice and in the event of non-compliance with paragraph 12.5 informs the Combined Authority

***Gateway 2 Peer Review Stage: Conditional Approval Granted***

**(Advancement to Gateway 3 requires the following steps)**

- Promoter undertakes detailed design, acquires statutory approvals, undertakes procurement and identifies preferred supplier.
- Final Business Case submitted to the NECA.
- Final Business Case undergoes independent assessment.
- Value for Money Statement prepared by Scheme Promoter and signed off independently.
- The Combined Authority reviews Independent advice and considers Full approval

***Gateway 3 Approval Stage: Full Approval Granted and offer letter issued***

- Monitoring/ evaluation framework submitted.
- Construction commences.

10.5 At Gateways 2 to 3 the promoter will be required to provide evidence that the scheme is still value for money and deliverable (and therefore should remain in the prioritised programme). At Gateway 2 the independent VfM assessment will be considered by the Transport Officers group, should the VfM statement demonstrate a BCR of less than 2 officers will recommend a review of the scheme at the next suitable NELB or TNEC meeting. At Gateway 3 the NECA will consider full Value for Money Statements and approve schemes based on the stipulations contained in paragraph 12.5. The NECA will publish a Value for Money Statement (VFMS) for schemes that have received full approval at Gateway 3. These Gateway 3 VFMS will be produced by the Scheme Promoter in line with the Department for Transport's guidance found on the DfT website -



[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/267296/vfm-advice-local-decision-makers.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/267296/vfm-advice-local-decision-makers.pdf) and will be signed off as true and correct by the lead Chief Executive of the LA7 Chief Executives group as part of the business of this group. This group will, in the event of any perceived conflict of interest, nominate an alternative Chief Executive to sign-off a VFMS. Decisions will be recorded as part of the minutes of the group. Audits will be carried out at each gateway stage of the process – including an independent review of the VFMS.

- 10.6 The NECA will need to approve the promoter's full business case before funding can be released and construction commenced. The production of business cases at the end of each stage will identify whether the scheme continues to offer high value for money. If a business case does not provide the required assurance of value for money the NECA can decide to withdraw a scheme from the programme. The scheme promoter is responsible for all business case costs – including if the scheme is withdrawn by the NECA at any point in the process.
- 10.7 Completion of Gateway 2 provides the opportunity for independent peer review, therefore reducing the overall risk to the scheme promoter of producing a non-compliant full business case. It is however permissible for promoters to move directly to a full business case submission at their own risk.
- 10.8 The NECA's assessment and approval decisions will be based on advice provided by the NECA Transport Group and by independent technical specialists procured and managed by the NECA Transport Group who will have the necessary skills and expertise to ensure that scrutiny of business cases is quality assured. The appointed independent technical specialists will work directly with the NECA Transport Group and report to the NECA.
- 10.9 Scheme promoters are responsible for informing the NECA of any changes to the scope of a scheme, its costs and implementation timescales. The NECA will be responsible for assessing the impact of any changes on the overall scheme programme working with the promoter and the NELEP to address any specific issues.
- 10.10 The NECA will not meet any scheme cost increases either in full or part and these will be the responsibility of the scheme promoter. Scheme costs for the purpose of allocating local major scheme monies will be fixed at Programme Entry stage. Design and development costs for schemes that receive Full Approval will be eligible as a local contribution.
- 10.11 Delays to a scheme may mean that it is not possible to allocate funding within the period up to March 2021. In this case, the NECA/NELEP reserves the right to re-prioritise the programme and bring forward another scheme that is deliverable within the timescales.

- 10.12 As part of Full Approval, the NECA will clearly set out the conditions under which the devolved funding will be spent – specifically to deliver a capital asset based on an approved scheme design which has a contractor's price and spending profile.

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## **11. The Transport Business Case**

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- 11.1 All schemes submitted by promoters are required to follow the DfT's Transport Business Case guidance, which is available at [www.dft.gov.uk/publications/transport-business-case/](http://www.dft.gov.uk/publications/transport-business-case/).
- 11.2 The Business Case guidance sets out the minimum requirements of the development of a major scheme and use of the guidance 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.
- 11.3 Business cases will include a statement of objectives and specific outcomes the scheme is expected to achieve. This will assist with scheme evaluation.

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## **12. Value for Money (2)**

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- 12.1 Value for Money is the core of the Economic Case.
- 12.2 The use of the WebTAG toolkit will be mandatory and must be used to conduct appraisals and value for money assessments. The toolkit can be accessed at [www.dft.gov.uk/webtag](http://www.dft.gov.uk/webtag).
- 12.3 A value for money assessment compares the economic, social and environmental impacts of a scheme with the costs of its construction and ongoing maintenance. It takes into account both the monetised and non-monetised costs and benefits to produce a value for money rating. The monetised costs and benefits are expressed as a Benefit to Cost (BCR) ratio but this on its own is insufficient to provide a value for money rating as the non-monetised impacts must also be taken into account. This can result in either a higher or lower value for money rating than the BCR alone may suggest.

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.
- 12.4 Value for money assessments at Gateway 1 stage, are likely to be based on limited evidence. At Gateways 2 and 3 more robust Value for Money statements will be required and they must show that a scheme remains high value for money to stay in the programme.
- 12.5 High value for money schemes with an adjusted BCR of greater than or equal to 2:1 will be eligible for funding.
- 12.6 Central case assessments will be based on forecasts that are consistent with the definitive version of NTEM (DfT's planning dataset). The NECA reserves 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.
- 12.7 An independent assessment of appraisal and modelling assumptions contained within business cases will be carried out by an independent third party with the relevant technical expertise, and this expertise will

be commissioned, monitored and signed off via NECA Transport Group. The assessment carried out will review compliance with the WebTAG standard and identify if these standards have been met, should this not be the case the review will produce a series of recommendations that the scheme promoter will be expected to address in order to ensure compliance with WebTAG standards, The independence of each review will be checked and signed off by a named officer of the NECA with relevant skills and expertise. The NECA Transport Group will be responsible for ensuring that scheme promoters act upon any recommendations resulting from a review and that the results are made available to promoting authorities and the NECA.

- 12.8 A value for money statement (VFMS) in line with published DfT WebTAG guidance will be produced for consideration at each gateway stage of the approval process. These statements will be checked by an independent source and adjusted if necessary. This assessment will be signed off by a named officer within the NECA with requisite skills and experience.

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### **13. *Monitoring and Evaluation***

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- 13.1 Scheme promoters will be required to put in place mechanisms to ensure that schemes are monitored and evaluated in line with DfT guidance on the evaluation of local major schemes. 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.
- 13.2 Evaluation Plans and Reports will be published on the web site of the relevant scheme promoter. The relevant 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.

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### **14. *External Views on Business Cases***

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- 14.1 The NECA will welcome external views on business cases, but there may be occasions where some information has to be withheld due to commercial sensitivity. In order to ensure external comment is possible, promoters will be required to publish their business case on their website. The publication of business cases will also be publicised by the relevant scheme promoter and on the NECA web page.

NECA members will be able to see all external views on request.

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### **15. *Release of Funding, Cost Control and Approval Conditions***

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- 15.1 No funding will be allocated to a scheme promoter via the NECA until a Business case has received Full Approval. 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 2015-19 period; and
  - Provision for 'clawback' and recovery of non-delivery or money not spent for purposes intended.
- 15.2 Before any funding is released, the scheme promoter will need to 'accept' the funding (and the conditions for its use) through confirmation by the appropriate finance officer that the money will be spent on the agreed purpose.
- 15.3 The NECA will develop a 'back to back' agreement with the eligible scheme promoters to underpin this arrangement. 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 NECA 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.
- 15.4 Funds will 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.
- 15.5 Finance reports will be provided to the NECA 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 NECA or scheme promoters and to attend meetings as required.

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## **16. Programme and Risk Management**

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- 16.1 The North East Growth Deal will initially run from 2015/16 to 2020/21. A realistic programme is essential as a means of understanding when schemes are likely to spend.
- 16.2 Scheme promoters will be required to provide an initial project programme for each scheme given 'Preliminary Prioritisation' status by the NECA/NELEP. The project programme should include estimated timescales for the following:
- Production of business cases;

- Completion of associated technical work;
- Progress of outline and detailed design;
- Statutory orders;
- Public consultation;
- Procurement; and
- Construction of scheme.

16.3 Potential risks to the delivery of the scheme programme, such as overspend and delays to timescales, must be highlighted. Promoters should also produce and maintain risk registers for their schemes and set out how they will manage potential risks.

## ANNEX A

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### **North East Leadership Board – Responsibility of Functions**

Membership – 8 (one Member for each Constituent Authority and a non-voting LEP Member)

Quorum – 6 (not including the LEP Member)

In the absence of specific delegations to other bodies referred to in the Constitution (including committees and subcommittees of the NELB), all functions remain with the NELB

**A** Only the NELB will exercise the following functions which require a **unanimous** vote in favour by all Constituent Authorities:

1. The adoption of, and any amendment to or withdrawal of, any Growth Plan included in the Budget and Policy Framework.
2. The adoption of, and any amendment to or withdrawal of, any local transport plan under section 108(3) of the Transport Act 2000.
3. The approval of, and any amendment to, the NECA's annual budget.
4. The setting of any transport levy under section 74 of the Local Government Finance Act 1988 and in accordance with regulations made thereunder.
5. The allocation by the NELB of local transport plan funding to the individual Constituent Authorities and Nexus, and the approval of all other capital and revenue matters relating to the NECA's transport budget save where such matters have been expressly delegated to another body.
6. The approval of, and any amendment to or withdrawal of, growth schemes set out in any adopted Growth Plan including the local major schemes devolved funding.
7. The approval of, and any amendment to or withdrawal of, borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the NECA.
8. The approval of, and any amendment to or withdrawal of, such other plans and strategies as determined by the NELB and included in the Budget and Policy Framework.
9. The transfer of any further functions by the Constituent Authorities to the NECA.
10. The appointment of any individual co-optees to the NELB.
11. The use of the general power of competence by the NECA beyond the powers provided within the Local Democracy, Economic Development and Construction Act 2009.
12. The approval of any amendment to the NECA's Constitution which has not been delegated to the Monitoring Officer (see Part 3.6 Scheme of

Delegation of Functions to Chief Officers).

13. The appointment of a statutory chief officer (Head of Paid Service, Monitoring Officer and Chief Finance Officer).
14. signation of the NECA's Head of Paid Service.

**B** Other functions reserved to the NELB which do not require a unanimous vote in favour by the Constituent Authorities include (but are not limited to):

15. The approval of (and any amendment to or withdrawal of) all other major transport schemes (including such matters as Quality Contract Schemes and/or Voluntary Partnership Agreements).
16. approval of (and any amendment to or withdrawal of) a public transport  
/.
17. Influence and/or co-ordination of strategic investment in the highway network across the combined area.
18. Co-ordination, with the statutory Highway Authorities, of the development of a joint highway management plan. Strategic influence of the development and operation of air, rail, road, river, sea and public transport networks.
19. The approval of (and any amendment to or withdrawal of) transitional transport arrangements following the formation of the NECA.
20. The approval of (and any amendment to or withdrawal of) formal partnership agreements and arrangements with external partners and other stakeholders (e.g. central government, MPs/ MEPs, rail franchisors/franchisees) on strategic transport issues.
21. approval of the policies and strategies to be included in the policy framework.
22. approval of the NECA's annual accounts.
23. The appointment/selection of the Overview and Scrutiny Committee and any other committee or sub-committee as considered by the NELB as appropriate to discharge its functions.
24. The appointment/selection of a Chair and Vice Chair(s) of any joint committee, committee or sub-committee.
25. The appointment of co-opted members to any of its joint committees, committees or sub-committees.
26. The appointment of the Independent Person as required by the Localism Act 2011.
27. The appointment of any independent expert adviser for the NECA or any of its joint committees, committees or sub-committees.
28. The designation of the Thematic Leads.
29. The dismissal of a statutory chief officer (Head of Paid Service, Monitoring Officer and Chief Finance Officer) and the appointment or dismissal of any deputy of such a statutory chief officer and the appointment or dismissal of any non-statutory chief officer or any deputy of such a non-statutory chief officer (See Part 4.5 Officer Employment Rules of Procedure).



See also Part 4 of the NECA Constitution – Rules of Procedure for further information on the items of business for the Annual Meeting and ordinary meetings of the NELB.

## **ANNEX B**

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### **Transport North East Committee (TNEC) - Responsibility of Functions**

Membership – 14 (two Members from each Constituent Authority)

Quorum –10

#### **A Transport functions delegated by the NECA to the TNEC.**

The TNEC shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes.

1. Monitoring the NECA's transport budget
2. Approval of releases from the NECA's transport funding for capital schemes within the agreed capital programme and the agreed budget (as defined by the NELB) for the scheme concerned.
3. Formulation, development and monitoring of procedures for public consultation on, and lobbying for, the NECA's transport policies including taking responsibility for the active promotion of the Combined Area's transport interests.
4. Monitoring and overseeing the activities and performance of the County Council of Durham and Northumberland County Council in the discharge of the transport functions delegated to them by the NELB.

**Note:** the functions delegated to the TNEC also include those functions set out in Part 3.3. Such functions have been delegated to TNEC on the strict understanding that they will be exercised in practice by the TWSC, as a subcommittee of the TNEC.

#### **B Transport functions referred to the TNEC**

The NELB shall seek the advice and recommendations of the TNEC on such transport matters as the NELB considers appropriate which shall include (but are not limited to):

1. CA's revenue budget for transport and the setting of any transport levy.
2. The borrowing limits of the NECA in relation to transport matters pursuant to section 3 of the Local Government Act 2003.
3. The capital programme of NECA and the Delivery Agencies.
4. The development of policies for the promotion and encouragement of safe, efficient and economic transport facilities and services and the production of any Local Transport Plan pursuant to sections 108-112 of the Transport Act 2000.

5. Formulation of general policies with respect to the availability and convenience of public passenger services pursuant to section 9A (5)-(7) of the Transport Act 1968.
6. Determination of issues arising from the rail franchising process.
7. The development of policies, setting of budgets and operational arrangements in connection with the NECA's Transport Studies Function.

Information:

1. The Chair of the TNEC will be selected annually by the NELB. The Chair of the TNEC will be the Thematic Lead for Transport appointed by the NELB.
2. There will be three Vice Chairs of the TNEC selected annually by the NELB who will be drawn from the members of the Constituent Authorities appointed to the TNEC with portfolio responsibility for Transport in their respective Constituent Authority area. One Vice Chair will be selected from the members of the Tyne and Wear Authorities. One Vice Chair will be the Executive member with portfolio responsibility for Transport for the County Council of Durham and one Vice Chair will be the Executive member with portfolio responsibility for Transport for Northumberland County Council.

## **ANNEX C**

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### **LA7 Chief Executives Group**

#### **Terms of Reference – February 2013**

#### **Membership**

1. The LA7 Chief Executives Group comprises the Chief Executives of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland, supported by the Policy Manager.

#### **Purpose**

2. The Chief Executives Group provides a forum for strategic discussion and collaboration between the 7 local authorities to ensure delivery of the LA7 Leadership Board's shared vision for the economic development of the North East.

3. The role of the LA7 Chief Executives is to:

- Advise the LA7 Leadership Board on matters of strategic significance across the LA7 geography, with a primary focus on:
  - Economic Strategy and Growth
  - Local Transport Body
  - Newcastle International Airport
- Maintain strong links with the North Eastern Local Enterprise Partnership (NELEP) and advise the LA7 Leadership Board on all aspects of NELEP activity
- Undertake activity requested by the LA7 Leadership Board in support of their work programme and priorities
- Commission activity and receive updates and advice from the Economic Directors Group

### ***Operational Arrangements***

4. The Chief Executives Group will meet on a monthly basis, prior to each of the LA7 Leadership Board meetings. Additional meetings will be organised as/when required.
5. The chair of the Chief Executives Group will rotate annually between the participating authorities on an alphabetical basis, in line with arrangements previously agreed for the LA7 Leadership Board meetings. The chair will change in November of each year. The current chair is Jane Robinson, Gateshead.
6. The Chief Executives Group will have two vice chairs, which will be the chair from the previous year and the incoming chair for the following year.
7. If any member of the Chief Executives Group is unable to attend a meeting a named alternate may attend.
8. The Chair will have responsibility for attending NE LEP Board meetings as an observer and in an advisory capacity, reporting back to the Chief Executives Group.
9. The Chair will have responsibility for communicating with members of the Chief Executives Group between meetings, including arrangements for taking decisions that may be needed as a matter of urgency.

## **Economic Directors Group – Draft terms of reference (updated 20 February 2014)**

### **Purpose**

1. The Economic Directors group involves the senior officers with responsibility for economic policy and development across the local authority areas of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. The group has been established at the request of Chief Executives to help ensure that the seven local authorities work together strategically on the key economic issues affecting the North East and to coordinate input into the North Eastern LEP.

### **Key Activities**

2. The role of the 7 LA Economic Directors is to:
  - Advise the seven Chief Executives and Leaders/Elected Mayor on all aspects of the Combined Authority's and LEP's work;
  - Advise the seven Chief Executives and Leaders/Elected Mayor on broader economic issues across the area covered by the seven local authorities; and
  - Undertake work requested by the seven Chief Executives, the North East Leadership Board, the combined authority theme groups or the LEP in support of their work programmes.

### **Membership**

3. The members of the 7 LA Economic Directors are:

	Member	Sub
Durham Council	Ian Thompson	Adrian White
Gateshead Council	Sheila Johnston	
Newcastle Council	Andrew Lewis	Rob Hamilton
North Tyneside Council	Paul Buie	Sean Collier
Northumberland Council	Geoff Paul	Rob Strettle / Heather Smith
South Tyneside Council	David Cramond	John Scott
Sunderland Council	Janet Johnson	Vince Taylor
NE LEP	Helen Golightly	
LEP Transport / NELTB	Mark Wilson	

Homes and Communities Agency	Neil Graham	Martin Wilks
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On occasion other partners may be asked to join the group depending on the agenda

### **Chairing Arrangements**

4. The Chair will rotate around each of the seven local authorities in alphabetical order, following the Chairs of the Chief Executives and Leaders and Elected Mayors groups. The Chair will change in November of each year. The current Chair is Sheila Johnston, Gateshead. The group will meet on average every six weeks, or more often depending on urgent business.

## **ANNEX E**

### **Purpose of the group**

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## **NORTH EAST COMBINED AUTHORITY TRANSPORT GROUP ROLE AND REMIT**

- To establish a forum for discussion and decision-making in respect of strategic transport issues affecting the NECA area
- To provide advice to elected members responsible for transport on the NECA
- To develop and deliver a programme of local major transport schemes.

### **Responsibilities of the group**

#### **The group is required to:**

- Inform the Forward Plan for the Transport North East Committee and the Tyne and Wear Sub Committee;
- Offer advice and recommendations to north East Leadership Board the Transport North East Committee and the Tyne and Wear Sub Committee on matters relating to transport policy, priorities and funding opportunities;
- Establish and oversee appropriate sub-groups, with suitable terms of reference, In order to assist its work;
- Forward manage the programme of transport schemes funded by the Local Growth Fund for the NECA area and ensure effective delivery of such schemes in line with the agreed Assurance Framework;
- Co-ordinate transport funding bids relating to the NECA area and, in the event of such bids being successful, ensure effective delivery mechanisms are in place for the approved measures;
- Manage relationships with external bodies including (but not limited to) the Department for Transport, the Highways Agency and Network Rail;
- Oversee regular updates on progress towards targets and objectives that enable the NECA to assess the value for money being obtained from the money it is spending and the effectiveness of delivery of transport strategies against the targets agreed by the NECA;
- Co-ordinate the NECA's participation in rail devolution and advise on national rail issues relevant to the NECA area;
- Assist the NELB and TNEC in developing a transport strategy for the NECA area;
- Commission work as appropriate to support the Group's objectives; and
- Receive regular updates and advice on transport matters of strategic significance across the NECA area.

### **Membership**

Newcastle City Council (Chair)

Durham County Council

Gateshead Council

Nexus

North East Combined Authority/North East LEP

North Tyneside Council

Northumberland Council

South Tyneside Council

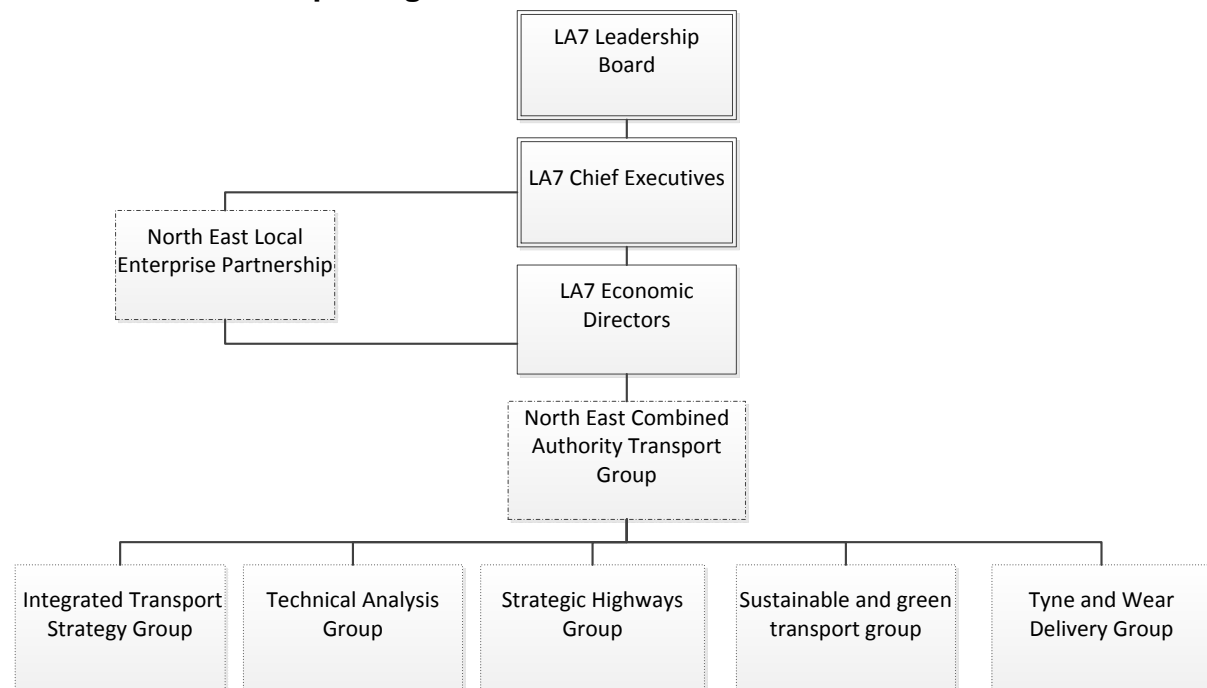
Sunderland City Council

### **Attendance**

The North East Combined Authority Transport Group will meet regularly in advance of meetings of Transport North East Committee. Members of the group are requested to

attend as many of the meetings as possible. If members of the group are unable to attend a meeting, it is requested that any Deputy should be agreed in advance with the Chair of the group.

## Governance and Reporting



The chair of the North East Combined Authority Transport Group is a member of the LA7 Economic Directors and will ensure that the Economic Directors are informed of progress made by the NECA Transport Group. The chair is also responsible for informing the Combined Authority Transport Group of any tasks delegated by the Economic Directors.

## Support and Organisation

The NECA Transport Group receives support from the Regional Transport Team. The agenda, minutes and relevant papers for the group will be sent out in advance by the Regional Transport Team. Notes of meetings and an actions log will be maintained by the Regional Transport Team.

## Sub Groups

Five sub groups report to the NECA Transport Group. The sub groups may be requested to progress tasks associated with the discharge of the Transport Group's responsibilities. The sub groups will be chaired by a member of the NECA Transport Group.

## Meetings

The group will meet on a monthly basis.

## Review

This role and remit will be reviewed annually.

## ***ANNEX F***

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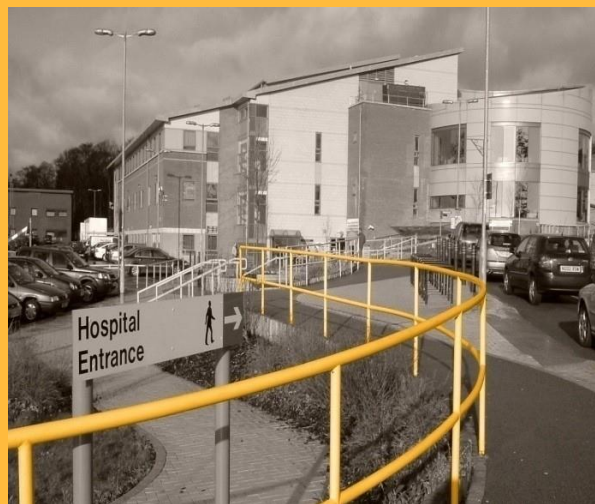


# LOCAL MAJOR SCHEMES DEVOLUTION PROCESS

## GUIDANCE ON EVIDENCE REQUIREMENTS

Report

22 January 2013





# **LOCAL MAJOR SCHEMES DEVOLUTION** **PROCESS**

## **GUIDANCE ON EVIDENCE REQUIREMENTS**

### **REPORT**

14 December 2012

Job No	NEA6094
Report No	
Prepared By	Amy Sykes & James Jackson
Verified By	Martin Revill
Approved By	Martin Revill
Status	Final
Issue No	2
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# 1 Introduction

This document provides guidance on the evidence requirements for policy criteria to be used as part of the prioritisation of Local Major Transport Schemes in the North East Local Transport Body (LTB) area.

When considering the evidence base, scheme promoters should give regard to the date the scheme will be delivered and consider as far as practically possible if the evidence will still be of relevance at that time.

Clearly some schemes will address some policy criteria more strongly than others, however the criteria have been designed in such a way that all types of scheme could contribute to all criteria. The approach to the policy assessment within the prioritisation process is designed to allow the contribution of proposed investments to be clearly identified, and for credit to be given appropriately where a proposed scheme will contribute to achieving key outcomes in the North East. In this way the Local Transport Body will be able to see clearly what each intervention will contribute, and will accordingly be in a position to make informed decisions.

This document provides a guide to the types of evidence which are likely to support the policy

criteria. Scheme promoters are advised wherever possible to provide evidence in line with the guidance outlined below. This will ensure consistency of assessment between schemes and help to ensure that proposals are credited appropriately where they contribute to the achievement of key policy outcomes. However scheme promoters may provide additional evidence outside of these guidelines if relevant and appropriate and credit will be given where possible and appropriate.

Given the need to demonstrate how the scheme supports the broader outcomes of the LTB area, scheme promoters are recommended to liaise with their counterparts in their Forward Planning, Development Control and Economic Development teams in the compilation of a comprehensive evidence base.

Scheme promoters are reminded to use their professional judgement in the development of evidence and to concentrate on providing focused and concise evidence on the contribution of schemes to delivering the broader policy outcomes. Scores are allocated on the strength of the case provided by the evidence not by the quantity of the evidence.

A number of the criteria reference specific spatial influences and geographic locations identified from policy. These references illustrate specific priorities or issues that are addressed in policy, and act as examples of where transport schemes may positively influence policy in specific locations. While providing guidelines to key locations it is understood that there are proposed interventions that will deliver improvements that will support important locations not listed. These lists are therefore not intended to be exhaustive, and scheme sponsors can provide evidence with respect to other spatial priorities or geographic locations where that evidence demonstrates that the scheme or intervention will help contribute to the achievement of policy outcomes in the North East. Transport improvements that make a contribution or improve access to and from geographical locations not listed may therefore be given appropriate credit within the policy assessment.

In such cases where scheme sponsors can identify that a scheme will deliver such spatially specific benefits, they are encouraged to provide evidence of how their proposal or scheme contributes to the achievement of key

policy outcomes for the North East; details of these locations, businesses, facilities and other issues resolved; and justification for the inclusion of evidence relating to a specific geographic location including references to any policy documents that support the evidence.

A number of the criteria highlight the importance of reference to local policy documentation. In the scheme assessment weight will be given to evidence from emerging plans according to the stage of preparation. Similarly evidence from policy prepared under previous national, regional and local context will be given credit based on their continued relevance and consistency with new and emerging policy.

## 2 Criterion 1 - Will the scheme contribute to the creation of new jobs and retention of existing jobs in the North East LEP area?

### Creation of new jobs

There are a number of sources of information that may provide evidence that a scheme will contribute towards the creation of jobs within the North East LEP area economy. The following are likely to be the main sources of information on the number and likelihood of jobs being created. If other forms of evidence not described here are available they may also be submitted.

If a Local Plan or Local Development Framework (LDF) has identified employment sites within an allocations document then these may be presented as evidence that the major scheme will contribute to the development of these sites, assuming that it can be shown that the major scheme is of relevance to access and connectivity to these sites.

If a site of relevance to a scheme has a national or local designation associated with it that would contribute to the creation of jobs, for example an Enterprise Zone or a Local Development Order (LDO) site, this could be included, however scheme promoters should consider the designations anticipated and the extent to which the jobs created at this location

are supported by the scheme under consideration.

Scheme promoters should be mindful of maximising contributions from third parties into the funding pot, alongside consideration of the extent to which the scheme is affordable by a developer or which a developer could be reasonably expected to provide under the terms of a planning condition. It is therefore important to exercise professional judgement regarding the inclusion of evidence relating to live planning applications or planning permissions, and distinguish between evidence supporting infrastructure that will support future job creation and that being provided to support existing proposals.

Evidence for this criterion should, where possible, include an assessment of the number of jobs likely to be created and if transport issues have been identified as a barrier to development. For employment sites that do not have a total number of jobs associated with them it is possible to estimate this using work by English Partnerships on employment densities:

[http://www.eastherts.gov.uk/media/pdf/a/8/SM\\_Employment\\_Densities.pdf](http://www.eastherts.gov.uk/media/pdf/a/8/SM_Employment_Densities.pdf)

### Retention of existing jobs

Evidence that the scheme will help with the retention of jobs can be shown based on the impact that the scheme will have on access to existing significant centres of employment. Proximity of the scheme alone to a significant employer is not sufficient. It is important to consider the relationship of the scheme to the location and employer. Evidence for this could be presented as follows:

- ☐ Scheme improves access to a locally significant employer, for example employers referenced in the North East Top 200 Businesses or other sources of evidence illustrating the importance of employment at that location;
- ☐ Scheme maintains current accessibility to a significant regional or local employer while increasing overall capacity.

Locally significant employers have been highlighted as these employers will be likely to have a local supply chain and significant multiplier effects within the local economy. Scheme promoters should state which significant employers will be affected by the scheme and where possible provide an

estimate of the transport benefit that the employer will receive.

### 3 Criterion 2 - Will the scheme support the North East LEP area gateways?

If a scheme improves surface access to a gateway, evidence needs to be provided to demonstrate this to be the case. It should be noted that proximity to a gateway alone is not deemed to be sufficient evidence of a positive contribution to improving access.

The area's primary international gateways are identified within the Draft North East LEP Transport Strategy as:

- Port of Tyne; and
- Newcastle International Airport.

The ports of Berwick, Blyth, Seaham and Sunderland are also highlighted as providing international connectivity.

Gateways on the fringe of the NELEP area, in particular Teesport and Durham Tees Valley Airport, are highlighted within the Draft North East LEP Transport Strategy as enhancing the international competitiveness of the area and are important for export led industries and those requiring links to a wide range of international markets and firms.

Suggested evidence includes:

- Amount/proportion of gateway trips impacted by improvement;
- Amount/proportion of freight impacted by improvement (tonnage and value);
- Time savings for gateway trips or freight;
- Improvement in reliability; and
- Changes in the balance of modes used to access the gateway.

If it can be shown from evidence based policy document that the proposed scheme would support the development of the gateway or that the future or planned growth of the gateway will be constrained by issues that the proposed scheme could resolve this may be included as evidence. Examples of sources of this evidence may be through Economic Development Strategies, Local Transport Plans, Local Plans or documentation produced by the operator of the gateway itself. Such evidence could either identify the general constraint that the scheme will contribute to resolving or the scheme itself.



#### 4 Criterion 3 - Will the scheme encourage the development or retention of skilled jobs (NVQ level 4 and above) and support sites that deliver the training for such skills?

A range of evidence is available to fulfil this criterion. In general, evidence may relate to both assisting the development of skilled jobs and sites for training as well as improving access to existing sites that provides these skills.

There is an emphasis across the North East LEP area on providing higher level training. It is therefore suggested that where the scheme supports employment sites offering Level 4 or above training, evidence is presented in support of this criterion.

In addition to employment sites that offer this level of skills training, education sites can also be included if the scheme provides improved accessibility to them.

**Map 1: Universities, Centres for Excellence, Clusters and Innovation Connectors**



Source:

<http://www.investnortheastengland.co.uk/investment-guide/north-east-england-map.html>

As a starting point the list below presents the main institutions in the LTB area which provide higher education opportunities:

- University of Durham
- University of Newcastle
- University of Northumbria
- University of Sunderland
- East Durham College
- Gateshead College
- New College Durham
- Northumberland College
- South Tyneside College
- Sunderland College
- Tyne Metropolitan College
- Bishop Auckland College
- Newcastle College

A number of 'Innovation Connectors' have been established within the sub area. These Connectors have the dual aims of stimulating innovation in their respective fields and catalysing regeneration in their surrounding areas. They are also:

- ▣ promoting and supporting their respective fields, including links to key industry bodies;
- ▣ driving R&D, including links to universities and colleges;
- ▣ supporting business incubation, start-up and growth;
- ▣ catalysing inward investment;
- ▣ maximising physical and economic impact on the local community and creating employment opportunities; and
- ▣ acting as a network to serve the wider region.

Information on the Connectors is provided below:

- ▣ Newcastle Science City is working to stimulate the development and commercialisation of science, particularly in the areas of ageing, stem cells and regenerative medicine, energy and molecular engineering. The core of Science City is in the western area of Newcastle at the former Newcastle Brewery Site, Newcastle General Hospital and the areas around the Centre for Life.
- ▣ The National Renewable Energy Centre (NaREC), based in Blyth, is at the forefront of the North East's leading position on renewable energy, and is helping the region rapidly develop a reputation for international excellence in the sector.

▣ Sunderland Software City (SSC) is building on the region's university strengths – particularly the University of Sunderland – to develop the North East's software industry and attract new companies to the region.

▣ NETPark is helping science and technology companies lead the way in developing world-class technologies. The focus is on physical sciences, particularly plastic electronics, microelectronics, photonics, nanotechnology, and their application in the fields of energy, defence, and medical-related technologies. It builds on the strengths of the Universities of Durham and Newcastle, process industry businesses located primarily in Tees Valley and electronics and electrical engineering businesses.

▣ The Northern Design Centre will be a focal point for creating design solutions, with a remit that cuts across all industries. It will stimulate investment in the region's design industry, promoting innovative and productive design companies, while at the same time helping businesses across all sectors use design to improve their own productivity. The Centre will be based in the new Baltic Business Quarter, which is already having an impact on companies in the region.

Scheme promoters can suggest other institutions if it can be shown that they provide

the relevant level of skills development and training.

The following paragraphs provide guidance on assessing existing and new sites with respect to skills and improvements in accessibility:

### Existing Sites

For locations where skilled employment already exists or skills training is provided it is important to demonstrate that the proposed scheme will improve the accessibility to such sites. This could be shown in one of two ways, the first being through an improvement in connectivity for business travel to and from the site which will help an existing business develop and contribute to the retention of existing jobs. The second aspect relates to improvements in connectivity from residential areas to either skilled employment or training. It is important to demonstrate the nature of the areas connected, with any step changes in accessibility being particularly important.

### New Sites

New employment sites can be included in the assessment if it can be shown that occupiers will be providing higher skilled employment (NVQ level 4 and above), or that employers will be providing apprenticeship schemes to train employees. Equally if a centre for training such as a college is planned this could also be included in the scheme assessment if the major scheme will have an impact on accessibility to the site.

## 5 Criterion 4 - Will the scheme provide sustainable access solutions to existing and growing development corridors, centres and sectors, or support housing growth?

### Existing and growing sectors

The scheme promoter should identify if the scheme addresses the development of key business sectors which have been identified by the North East LEP. These sectors are:

- ▣ Automotive
- ▣ Off shore renewable
- ▣ Creative and digital
- ▣▣ Life sciences
- ▣▣ Printable electronics
- ▣ Business professional and financial services

Source: <http://www.nelep.co.uk/key-sectors/>

Addressing the development of key business sectors refers to improving accessibility to the sites where these sectors are developing or improving the capacity to these sites. Evidence should be provided on the scale of the capacity change or scale of improvement in accessibility.

### Existing and growing development corridors and centres

In addition to these sectors for development, any existing and growing business corridors that are likely to benefit from the scheme

should be identified. These might include corridors or locations identified within a Local Plan/Local Development Framework or a Local Transport Plan, for economic growth.

The following employment zones are identified as Strategic Employment Areas, Key Employment Areas or Economic Growth Corridors within the emerging and adopted Local Plans within the sub area:

- ▣ Blyth Estuary Renewables Energy Zone Strategic Employment Area (Northumberland Core Strategy Issues and Options)
- ▣ Aykley Heads (Durham Local Plan Preferred Options)
- ▣ Team Valley (NewcastleGateshead One Core Strategy)
- ▣ Follingsby (NewcastleGateshead One Core Strategy)
- ▣ Newcastle Airport (NewcastleGateshead One Core Strategy)
- ▣ Walker Riverside (NewcastleGateshead One Core Strategy)
- ▣ North of Nissan (Sunderland Core Strategy Alternative Approaches)
- ▣ Farringdon Row (Sunderland Core Strategy Alternative Approaches)
- ▣ Stadium Village (Sunderland Core Strategy Alternative Approaches)
- ▣ Vaux (Sunderland Core Strategy Alternative Approaches)
- ▣ Holmeside (Sunderland Core Strategy Alternative Approaches)
- ▣ The Port (Sunderland Core Strategy Alternative Approaches)
- ▣ South Ryhope (Sunderland Core Strategy Alternative Approaches)
- ▣ A19 Economic Growth Corridor (South Tyneside Adopted Core Strategy)
- ▣ Tyne Tunnel Trading Estate (North Tyneside Preferred Options)
- ▣ West Chirton Industrial Estate (North Tyneside Preferred Options)
- ▣ Balliol Business Park East (North Tyneside Preferred Options)
- ▣ North Bank Area (North Tyneside Preferred Options)
- ▣ Esso (North Tyneside Preferred Options)
- ▣ Gosforth Business Park and Balliol West (North Tyneside Preferred Options)

- ▣▣ Weetslade (North Tyneside Preferred Options)
- ▣▣ Proctor and Gamble (North Tyneside Preferred Options)

Alternatively it may include key centres for business such as sub regional centres and main town locations.

The sub regional centres and main towns as identified within the latest version of the Local Plan documents are:

#### ***Sub regional centres***

- ▣▣ Durham City
- ▣▣ Gateshead
- ▣▣ Newcastle
- ▣▣ Sunderland

#### ***Main Towns***

- ▣▣ Barnard Castle
- ▣▣ Bishop Auckland
- ▣▣▣ Chester-le-Street
- ▣▣ Consett
- ▣▣▣ Crook
- ▣▣ Peterlee
- ▣▣ Seaham
- ▣▣ Shildon
- ▣▣ Spennymoor
- ▣▣ Stanley
- ▣▣ Newton Aycliffe

- ▣▣▣ South Shields
- ▣▣▣ Jarrow
- ▣▣▣ Hebburn
- ▣▣▣ Washington
- ▣▣▣ Houghton le Spring
- ▣▣▣ Berwick upon Tweed
- ▣▣▣ Alnwick
- ▣▣▣ Amble
- ▣▣▣ Ashington
- ▣▣▣ Blyth
- ▣▣▣ Wallsend
- ▣▣▣ North Shields
- ▣▣▣ Whitley Bay
- ▣▣▣ Cramlington
- ▣▣▣ Haltwhistle
- ▣▣▣ Hexham
- ▣▣▣ Morpeth
- ▣▣▣ Porteland
- ▣▣▣ Prudhoe

#### **Supporting housing growth**

Any existing and growing strategic housing areas that are likely to benefit from the scheme should be identified. The following are identified at strategic housing sites, strategic growth areas or potential strategic allocations within the emerging and adopted local plan documents:

- ▣▣ Groves (Sunderland Core Strategy Alternative Approaches)
- ▣▣ Farringdon Row (Sunderland Core Strategy Alternative Approaches)
- ▣▣ Stadium Village (Sunderland Core Strategy Alternative Approaches)
- ▣▣ Urban core (NewcastleGateshead One Core Strategy)
- ▣▣ Callerton Park (NewcastleGateshead One Core Strategy)
- ▣▣ MetroGreen (NewcastleGateshead One Core Strategy)
- ▣▣ Wallsend AAP (North Tyneside Preferred Options)
- ▣▣ North Shields AAP (North Tyneside Preferred Options)
- ▣▣ Coastal AAP (North Tyneside Preferred Options)

When assessing the effect on corridors or key centres the scheme promoter should be clear about the effect on accessibility and capacity of the transport system for accessing these locations.

## 6 Criterion 5 - Will the scheme ensure capacity and speed of transport links to and within the North East LEP area are maintained and enhanced in order to increase the attractiveness of the North East LEP area as a place to do business, boosting inward investment and improving competitiveness of indigenous firms?

The evidence for this criterion will relate to the scheme's contribution to the strategic operation of the transport network. It should be demonstrated that the scheme will contribute, directly or indirectly, to mitigating existing capacity or reliability issues on the transport network. This could include capacity constraints on or affecting any mode. This contribution may be direct (physical relief of junction which is at capacity or increase in overall capacity of the transport system) or alternatively an indirect contribution (transfer of trips, which presently occupy an at capacity junction, to another route or mode).

Evidence should be provided regarding the capacity or reliability issue. This evidence may be taken from Local Transport Plans, or from information provided by other Agencies, for example Route Utilisation Studies (RUS) produced by Network Rail.

The following locations on the highways network are identified within local policy documents as suffering from congestion or being over capacity:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>▢ A197 Telford Bridge (Northumberland LTP3 evidence base)</li> <li>▢ A1061 South Newsham Roundabout to Laverock Hall Roundabout (Northumberland LTP3 evidence base)</li> <li>▢ A193 Cowpen Road (Northumberland LTP3 evidence base)</li> <li>▢ Central River Wear crossing at Millburngate Bridge (County Durham Plan Summary of Transport Evidence Base)</li> <li>▢ A181 Gilesgate on its approach to the junction with the A690 (County Durham Plan Summary of Transport Evidence Base)</li> <li>▢ Western and northern approaches to Durham city centre (Sutton Street and Framwellgate Peth), and Finchale Road, outbound at Framwellgate Moor (County Durham Plan Summary of Transport Evidence Base)</li> <li>▢ A1 Western Bypass (Tyne and Wear LTP3)</li> <li>▢ A19 Tyne Tunnel (Tyne and Wear LTP3)</li> </ul> | <ul style="list-style-type: none"> <li>▢ Junctions on the A19 trunk road (Tyne and Wear LTP3)</li> <li>▢ Central bridges across the River Tyne (Tyne and Wear LTP3)</li> <li>▢ River Wear bridges in Sunderland (Tyne and Wear LTP3)</li> </ul> |
|--|---|
- In addition the following elements of the rail network are experiencing overcrowding:
- ▢ Between Northumberland and Newcastle in the AM peak (Northumberland LTP3 evidence base)
  - ▢ Capacity issues between County Durham and Tyne and Wear (Durham Core Strategy Issues Paper)

Examples of the type of evidence that might be present can be found in, for example, the Northumberland Local Transport Plan Evidence Base, which presents link flows and capacities for roads across the Northumberland area as a means of assessing

congestion. Clearly if other evidence has also been collected as part of the scheme specification, for example traffic counts or passenger counts, this could also be presented as evidence, subject to an indication of what level of capacity is currently being used.

As well as demonstrating an improvement to part of the network it is also necessary to define the importance of the section of network improved, for example if the link or public transport service is of regional, district level or local importance.



## **7 Criterion 6 - Will the scheme deliver improved accessibility from residential areas to areas that have employment, education or other opportunities?**

The scheme promoter should identify which residential areas will benefit most from the proposed scheme, and also identify the employment, education or other opportunities, to which accessibility will be improved. The following provides an indication of the types of opportunities to which accessibility might be improved:

### **Employment**

Access to skilled jobs or jobs identified as being one of the key sectors for the region, although clearly if the present levels of unemployment in the area were extremely high, access to all types of job would be of relevance. The sites should be identified and an estimate of the scale of the benefit arising given.

### **Education**

The emphasis should be on access to post compulsory secondary education. This might include sixth form colleges, further education colleges or universities, or any other locations where academic or vocational skills training would take place. The sites should be identified and an estimate of the scale of the benefit arising given.

### **Other Opportunities**

Other types of opportunity to which access would be improved by the scheme might include access to hospitals, health centres and clinics. This would be of particular relevance if the residential area can be shown to have wider health problems, for example with issues of obesity, or long term sickness. Other examples might include access to retail or leisure facilities, for example if access to grocery retailers was improved for an area which presently only has limited access to retail facilities. Improvements to access to leisure facilities might particularly include sports facilities and swimming pools.

Having identified these areas information relating to the residential area that would benefit from the major scheme should also be presented. This should include the following:

### **Unemployment**

Information on unemployment should be taken from the Nomis website (<http://www.nomisweb.co.uk/default.asp>) and utilise the latest available JSA Claimant Count figures for the appropriate wards affected by

the Major Scheme. The figure for the North East region and UK as a whole should also be presented.

### **Skills**

The level of skills and unemployment in the area can be found at the neighbourhood statistics website. The rank of education, skills and training should be presented, from the Indices of Deprivation for Super Output Areas, by entering the postcode for the residential area of interest. The link is as follows: <http://www.neighbourhood.statistics.gov.uk/disemination/>

### **Health**

Information should be present on the level of health inequalities in the area that would benefit from the scheme. This should use the Rank of Health of Deprivation and Disability score from the Index of Multiple Deprivation 2007 for the appropriate output area in which the residential area affected lies. This can be found by entering postcode for the residential area and selecting lower super output area at the following link:

<http://www.neighbourhood.statistics.gov.uk/disemination/>

### Levels of Deprivation

Information on the level of deprivation should be provided using the rank assigned to relevant Lower Super Output Areas using the 2007 Index of Multiple Deprivation. This information can be found at the following link on the neighbourhood statistics website by entering the postcodes(s) for the residential area(s) under study:

<http://www.neighbourhood.statistics.gov.uk/dis-semination/>

Information should also be provided on the existing level of accessibility to opportunities based on car and public transport journey times, and the likely level of improvement that the major scheme would provide. Accessibility mapping may be a useful way of illustrating this improvement. Alternatively journey time savings or increase in service frequencies could also be used.

Scheme promoters are asked to make clear the relevance of the transport improvement to the communities, neighbourhoods and localities affected, for example, an improvement in highway accessibility to/from an area with low car ownership maybe of less value than an equivalent public transport improvement.



## 8 Criterion 7 - Will the scheme contribute to an improvement in the overall quality of journeys, particularly those providing links to employment and health or education opportunities?

The scheme promoter should identify improvements in the quality of journeys. This might relate to the condition of interchanges, issues around journey time reliability, the quality of vehicles being used for a service or information systems provided to users. The evidence for this might be presented as follows:

- ▢ For road schemes an assessment of the effect on journey time reliability should be presented. For example, will the scheme make journey times more consistent across the whole day, or reduce the instance of occasional variations in delay caused by congestion? Equally if substantial development is forecast around the scheme, will the major scheme prevent a further deterioration in reliability?
- ▢ For public transport schemes, will journey reliability be improved (for example through bus priority measures) or delays reduced (for example replacement of obsolete and unreliable equipment or improvement in capacity allowing a more robust service plan)? Will the quality of interchanges be improved to make

integration within or between modes more efficient or more comfortable?

- ▢ For all modes, will the scheme deliver improved information systems?
- ▢ Scheme promoters should state if the scheme is likely to have an impact on personal security issues in the area surrounding it. This assessment could be presented as a simple positive, neutral or negative. Examples of improvements to personal security might relate to improvements to lighting or provision of CCTV cameras.

Clearly not all schemes will be able to address all of the issues set out above. Promoters should provide as much detail as possible about the extent of any improvements in journey quality that the scheme will bring.

## 9 Criterion 8 - Will the scheme contribute to an overall improvement in the local environment including improving local air quality or reducing the noise impact of transport corridors?

The scheme promoter should establish if the scheme is likely to have an effect on any existing local environmental issues. Scheme promoters should consider if the scheme is going to have both positive and negative effects on local environmental issues.

The issues to be considered under this criterion are:

□□ Noise

□□ Air Quality

▣ Areas of environmental or cultural significance

Whilst some of these issues could be assessed in a quantitative manner it is accepted at this point that a more qualitative approach may be appropriate. The following approach is recommended for each of the issues:

### Noise

An assessment should be provided of the estimated number of dwellings likely to be affected by changes in noise levels. This is likely to be based around the size and extent of the scheme. For example, if a scheme is

very localised then the effect is likely to be localised, whereas a route based scheme may have an impact at a number of locations. The assessment should also highlight Noise Action Plan Priority Locations affected by the scheme.

### Air Quality

An estimate of the effect (positive or negative) on any Air Quality Management Areas (AQMA) should be presented.

The following are identified AQMAs within the sub area:

▣ Blyth Town Centre (recommended to be undeclared)

□□ Blue House Roundabout (Newcastle)

□□ Jesmond Road (Newcastle)

□□ Newcastle City Centre

▣ Gateshead town centre and Dryden Road/Durham Road junction (Gateshead)

□□ Boldon Lane (South Tyneside)

□□ Leam Lane (South Tyneside)

□□ Newcastle Quayside

▣ Durham city incorporating Highgate, Milburngate and Gilesgate areas

The estimated effect will in most cases be highly localised, although it should be noted that a scheme that involves rerouting traffic may have an effect on an AQMA through the abstraction of traffic from the AQMA area. Other sites of concern relating to air quality, but which are not classified as an AQMA may also be assessed within this process.

### Areas of Environmental or Cultural Significance

Scheme promoters should provide description of the significance of the site and magnitude of positive or negative impact anticipated from the scheme. The extent to which the identified significance will be either compromised or enhanced should be made clear, including the mitigating effects of any amelioration incorporated formally into the proposals or allowed for as standard good practice.

Areas of environmental significance may include:

□□ Areas of Outstanding Natural Beauty

□□ National Parks

□□ Heritage Coast

□□ Ramsar sites

□□ Special Areas of Conservation

## □□ Sites of Special Scientific Interest

Areas of cultural significance may include:

□□ World Heritage Sites

□□ Listed Buildings and conservation areas

□□ Scheduled Ancient Monuments

Guidance on the magnitude of the impact particularly on culturally significant sites can be found in Table 1 of the following WebTAG units:

### □□ Townscape

<http://www.dft.gov.uk/webtag/documents/expert/unit3.3.8.php>

### □□ Heritage of Historic Resources

<http://www.dft.gov.uk/webtag/documents/expert/unit3.3.9.php>

## 10 Criterion 9 - Will the scheme contribute to an overall reduction in carbon emissions relative to the existing situation?

Scheme promoters should provide evidence as to the overall effect of the scheme on carbon emissions. This should include an assessment of the net change in emissions, for example if the operation of a public transport scheme contributes to emissions through operation of vehicles this may be offset by a reduction in emissions from cars. Clearly at this point the assessment need not be fully worked up; however it should be possible to provide an indication of the likely effect on carbon emissions based on the scheme objectives and background information known about the area the scheme will affect.

In considering the likely impact on carbon emissions scheme promoters should consider the impact of the scheme in terms of the following areas:

- The shift to lower carbon transport modes;
- Changes in average speed; and
- The shift to new technologies and cleaner fuels.

Scheme promoters are encouraged to quantify the likely level of impact through the use of a suitable comparator scheme.

It is not necessary to consider the impact of embedded carbon from construction within this prioritisation process, unless this is considered to be a significant issue. Equally if a scheme is only likely to have a very insignificant impact on embedded carbon this should be stated. It has been assumed within this guidance that the majority of schemes, by their nature, will have a similar impact in terms of embedded carbon impact on a pound for pound basis.

This criterion does not include consideration of how the scheme may support the low carbon economy or renewable sector. The impact of that is considered within earlier criteria. This criterion is concerned with the direct reduction in emissions from transport moving towards a low carbon transport system within the area.

## 11 Criterion 10 - Will the scheme provide the opportunity to improve health, reduce levels of obesity among the population or improve road safety within the area?

It is recognised that the impact of transport on health has two elements:

- ☐☐ Beneficial to health; and
- ☐☐ Detrimental to health.

### **Improve health and reduce the levels of obesity among the population**

The scheme promoter should provide evidence that a scheme will provide some contribution to improvements in health. This could be through the encouragement of mode shift to active travel modes either directly, for example through the provision infrastructure for cyclists and pedestrians; or indirectly, for example through the development of public transport services which would involve use of active travel to access the service.

Evidence for this criterion should include information on levels of obesity or poor health in the area that the scheme will affect. The link below provides information on obesity levels by local authority and may be appropriate if more localised information is not available:

<http://www.ic.nhs.uk/statistics-and-data-collections/population-and-geography/neighbourhood-statistics/neighbourhood-statistics:-model->

[based-estimates-of-healthy-lifestyles-behaviours-at-la-level-2003-05](#)

### **Severance**

The scheme may also address issues of severance which would contribute to improvements in health and a reduction in road safety issues. Scheme promoters should give consideration to issues of severance as it affects those using non-motorised modes especially pedestrians.

Severance may be classified according to the following four broad levels.

- ☐☐ None - Little or no hindrance to pedestrian movement.
- ☐☐ Slight - All people wishing to make pedestrian movements will be able to do so, but there will probably be some hindrance to movement.
- ☐☐ Moderate - Some people, particularly children and old people, are likely to be dissuaded from making journeys on foot. For others, pedestrian journeys will be longer or less attractive.
- ☐☐ Severe - People are likely to be deterred from making pedestrian journeys to an extent sufficient to induce a reorganisation

of their activities. In some cases, this could lead to a change in the location of centres of activity or to a permanent loss of access to certain facilities for a particular community. Those who do make journeys on foot will experience considerable hindrance.

The following steps are required to enable the assessment of the impact of projects on severance:

- ☐☐ estimate the level of severance for the do-minimum case;
- ☐☐ estimate the level of severance for the do-something;
- ☐☐ by comparison of the level of severance for the do-minimum and do something cases, estimate the change in severance (reductions and increases); and
- ☐☐ estimate the numbers of people likely to be affected by changes in severance.

### Assessment of change in severance

□	Do something - severance			
Do minimum - severance	None	Slight	Moderate	Severe
None	None	Slight-negative	Moderate-negative	Large-negative
Slight	Slight-positive	None	Slight-negative	Moderate-negative
Moderate	Moderate-positive	Slight-positive	None	Slight-negative
Severe	Large-positive	Moderate-positive	Slight-positive	None

Source:

<http://www.dft.gov.uk/webtag/documents/archives/1104/unit3.6.2.pdf>

The assessment of severance may also refer to the provision of Disability Discrimination Act compliant facilities on a public transport system.

### Improve Road Safety

The scheme promoter should provide evidence where a scheme will provide some contribution to improvements in road safety issues.

Evidence for this criterion should include information the local authority holds on accident clusters in the area the scheme effects. In terms of accident information, this could focus on number of people Killed and Seriously Injured in accidents (KSIs), and the number of such accidents taking place, or where appropriate issues relating specifically to pedestrians or children.

Scheme promoters should provide an indication of the likely scale of reduction in road accidents and casualties if available.

## 12 Value for Money

As part of the prioritisation process it will be necessary to provide an estimate of the Value for Money (VfM) that the scheme is likely to provide. Clearly at this 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 Cost Ratio (BCR). This note sets out some guidance on how VfM might be assessed in this instance.

For schemes that have not yet been fully assessed the most appropriate approach would be to examine the evidence from other previous schemes. Indeed the DfT's Early Assessment and Sifting Tool (EAST) Guidance notes that "In many cases, only high level information will be available at the early stage of assessing options: respondents are expected to form a view based on the best evidence available."

While there are various attributes that will count towards VfM, which are summarised in the Appraisal Summary Table (AST), the main focus of VfM for the prioritisation process relates to the estimation of the BCR.

Evidence could be taken from previous major scheme business cases, the most appropriate being those that were funded as part of the

Best and Final Funding Bid (BAFFB) process in Autumn 2011. These were the most recent schemes to pass through the Major Scheme Process and between them provide a good mixture of the types of schemes that are likely to be put forward as part of this prioritisation process.

Scheme promoters can find a list of schemes and information about the schemes at the following link:

<http://assets.dft.gov.uk/publications/interoperability/final-funding-bids.pdf>.

Other guidance could also be included where it is felt, for example, that the schemes in the BAFFB are not representative of the scheme being entered into the prioritisation process. This may particularly apply to public transport schemes or package measures where the number of potential comparators is limited. Existing feasibility studies might also be used, although this would be subject to the inclusion of any caveats that surround them, and it may also be appropriate to cite comparators where possible.

When comparing a proposed scheme with the fully worked up schemes there are a number of issues to consider:

1. The objective that the comparator scheme sets out to address – are these comparable with the scheme being promoted?
2. Assessments of VfM should give consideration to both the size of the benefits and the cost of the scheme.
3. What is the nature of the comparator scheme, for example, for road schemes is it a link length scheme or a junction scheme?
4. Are the cost characteristics comparable; does either the scheme or the comparator have very high or low costs for a particular reason, which would in turn impact on VfM?
5. Are there any ongoing operating costs associated with the scheme and the comparator and what is the likely impact on VfM? Operating costs will be discounted over the life of the scheme in the same way that ongoing benefits would be.
6. Can it be shown that the nature of any journey time benefits of the comparator would be similar to the scheme being promoted, for

example would journey time benefits tend to be in the 0-2 minutes per vehicle category or 2-5 minute category?

7. Does the comparator scheme have a similar mix of business; commuter and other users as the values held by these groups are distinct and strongly influence the BCR?

8. Have other quantifiable benefits (such as carbon emissions) formed a substantial part of the comparator schemes benefits, and is this appropriate to the scheme being promoted?

Scheme promoters should provide a narrative to justify their choice of comparator(s) and to explain why the conclusions they have drawn are valid. It is important that the sources of benefits for both the scheme being assessed and the comparator scheme are presented, for example to ensure that the types of journey time saving produced are comparable. This is important to ensure that the comparator scheme used is appropriate for comparison against the scheme being assessed.

It maybe that it is appropriate to compare the scheme being promoted with more than one comparator scheme if the mixture of characteristics does not lend itself to comparison with a single scheme. BCRs should be presented as being in one of the following categories:

□□ Low value for money (BCR 1.0-1.5)

□□□ Medium value for money (BCR 1.5-2.0)

▣ High value for money (BCR 2.0 and above)

A factor to consider when examining the evidence for schemes is the diversity of BCRs that exist, based on different scheme categories. For example road schemes and maintenance schemes tend to have larger BCRs while public transport or package schemes tend to have lower BCRs. This is an artefact of the appraisal system and does not mean that BCRs are unrealistic.

### **Local Contribution**

A further issue when considering VfM is the need to consider the scale of any local contribution made as this influences the scale of VfM to the Local Transport Body rather than the BCR to the scheme promoter. Examination of the results for previous schemes show that this has been an important aspect within the decision making process in the past. This is also of importance to the LTB in terms of being able to maximise the overall value to the LTB area of the funding available.



## 13 Deliverability

### Risk to Cost

#### What is the latest estimated cost of the scheme?

The cost should include construction costs, land and property, compensation, preparation and administration and on site supervision and testing **see WebTAG Unit 3.5.9 (August 2012) para 2.2.1 – 2.2.3 and table 1 for more detail.**

When were the costs of the scheme last updated?

Have costs been independently checked?

Scheme costs should include an adjustment for risk.

DfT require a Quantified Risk Assessment (QRA) for projects with a cost greater than £5m. For schemes under £5m a QRA is encouraged alternatively there may be scope for using generalised risk allowances for each cost element. **For detailed guidance on risk see WebTAG Unit 3.5.9 (August 2012) para 3.2.3 – 3.4.1.**

Please highlight what % of the total cost is risk allowance.

Please specify what price base the original cost was developed in and what inflation assumptions have been made to the present day and for the forecasting of future years.

**Guidance on Inflation assumptions is detailed in WebTAG Unit 3.5.9 (August 2012) para 2.1.2 – 2.1.6.**

**Guidance on outturn cost calculation is provided in WebTAG unit 3.9.2 para 6.3.9 and table 1.**

Please provide the total outturn cost and a breakdown of the outturn cost by forecast future years.

#### What is the level of funding you are requesting from the LTB?

Please provide total and breakdown by forecast future year.

#### What is the funding gap between the latest outturn cost and the cost to the LTB?

Please provide total and breakdown by forecast future year.

#### Local Authority contribution

What is the potential for Local Authority contributions?

Please provide total and breakdown by forecast future year.

#### Developer contributions (Third party contributions)

What is the potential for developer contributions?

Please provide total and breakdown by forecast future year.

#### Other funding bids and budgets

What is the potential for funding from other funding pots and budgets?

Please specify bid or budget details?

Please provide total and breakdown by forecast future year.

#### Operating costs

What are the likely operating costs of the scheme?

This should include all running costs to keep the scheme in operation.

This should include subsidy costs.

### Level of design

What work to date has been undertaken on the scheme design?

☐ Options testing;

☐ Preliminary design/outline design; or

☐ Detailed design.

Please provide latest design drawings.

### Funding compliance

Is funding compliant with 'Managing Public Money' and other central government guidance?

### Affordability

Is the option affordable in the context of the available budget and relevant spending review period(s)?

### What risks have been identified with regard to this option?

All projects are expected to have a risk management plan proportionate to their scale.

How probable are the risks? ***Include examples of problems and risks experienced in similar schemes.***

How will identified risks be actively managed?

Provide a risk rating of 1 (low risk) to 5 (high risk). ***Supporting evidence should be provided where possible and this might include examples of what similar schemes have cost in the past, how these costs have differed from original estimates or extrapolations drawn from pilot schemes.***

## Risk to Programme

### Programme/ Implementation timetable

Provide a plan with key milestones and progress including critical path.

What is the estimated start and completion date of the scheme?

### Practical

Has the option been tested and proven to be practical and effective?

### Technology

If technology is involved is this proven, prototype or still in development?

### Legal powers - How certain are you of the legal feasibility of the option?

Have the required statutory powers been granted?

If no what additional statutory powers are required?

Are there planning implications? Please provide details.

Is all the land within scheme promoter ownership?

### Quality of supporting evidence for the scheme

Provide detail of what level of work has been undertaken on the scheme for example feasibility study or full Business Case.

If it is based on evidence from where similar options have been implemented, how transferable are the impacts likely to be?

How well developed is the supporting evidence at this stage (model availability/validated)?

### GRIP Stage

Provide details of GRIP stage if appropriate.

### Resource availability/governance, organisational structure and roles

Has a governance structure for the scheme management been established?

Summarise the overall approach for project management at this stage of the project.

Describe the key roles, lines of accountability and how they are resourced.

## Risk to Acceptability

### Stakeholders and Public Acceptability

Who are the relevant stakeholders?

What consultation has taken place with relevant stakeholders?

Provide an assessment of whether there are likely to be any issues around stakeholder acceptability.

Letters of support may be useful

Provide an assessment of whether there are likely to be any issues around public acceptability.

Has any public consultation taken place?

What public consultation is likely to be required?

### Statutory Consultees (HA, Env Agency, Natural England)

What consultation has taken place with Statutory Consultees?

Letters of support may be useful

### Value for money

Have you calculated the BCR (benefit cost ratio)?

**If you have calculated the BCR:**

What is it?

Provide the following information relating to the appraisal investment cost:

What is the investment appraisal cost of the scheme? (**WebTAG Unit 3.9.2 para 6.3.10 and table 2**)

***The price base year should be the Department's standard base year of 2010 (WebTAG Unit 3.5.4 August 2012, Para 4.1.6.)***

***It is important that scheme costs are as robust as possible and include a proper allowance for risk and optimism bias is crucial.***

What level of optimism bias has been included?

***Detailed guidance on the application of optimism bias can be found in WebTAG Unit 3.5.9 (August 2012) para 3.6.1 to 3.7.11. At this stage it is anticipated that the majority of schemes will be in Stage 1 and the relevant level of optimism bias should be applied based on the type of project (Road, Rail, IT project) for further guidance see table 9 of WebTAG Unit 3.5.9.***

**If you have not yet calculated the BCR**, is there evidence of the BCR and/or value for money of similar options that may be relevant, explaining why similar results might be expected? (see Chapter 12)

### Evaluation

Summarise outline arrangements for monitoring and evaluating the intervention.

Is there a programme for measuring/evaluating desired outcomes and wider impacts?

Is there a clear logic model for how outcomes will be achieved?

### Contents Amendments Record

This document has been issued and amended as follows:

Status/Revision	Revision description	Issue Number	Approved By	Date
Draft	Initial draft	1	MJR	11/12/2012
Draft	All methodology elements	2	MJR	14/12/2012

## ANNEX G

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### North East Major Schemes Prioritisation Pro forma

#### North East Major Schemes Prioritisation Pro forma

This pro forma should be used to provide evidence in support of specific proposals in relation to the prioritisation of major schemes in the North East LEP area. The pro forma allows for the provision of evidence covering the policy, value for money and deliverability criteria, as well as an opportunity to describe the scheme and its context.

Scheme promoters are asked to provide evidence in support of their scheme, including a narrative, and any quantitative and qualitative evidence that demonstrates:

- how the scheme delivers or contributes to the achievement of the North East's policy objectives;
- how the scheme represents value for money; and,
- the deliverability of the scheme.

Guidance on the evidence required to complete the pro forma is provided in the document *Guidance on Evidence Requirements* and the pro forma should be read and completed with reference to that guidance.

In addition to the space provided for the presentation of the full evidence on the contribution any scheme makes to each of the policy criteria, the pro forma includes a number of summary boxes at the end of each criterion. These summary boxes are intended to highlight the key contributions that the proposal makes to delivering policy outcomes in the North East. An assessment will be made based on the full evidence submitted including any narrative, not solely on the information in the summary boxes.

These boxes should however assist promoters in providing appropriate quantitative data and will assist the independent assessment team in undertaking the scheme assessment. Scheme promoters should therefore complete these summaries where possible in addition to providing the appropriate evidence under each criterion. It is not necessary to complete all the policy sections and boxes, just the ones where evidence is available that is relevant to the scheme under assessment and the criterion in question. Evidence must be presented on value for money and deliverability.

Please use this pro forma to highlight the significance of any designations or sites included within the evidence, including reference to where designations feature in national, sub regional or local policy.

Graphs, tables, hyperlinks and maps should be included if appropriate.

Please use more than one page per criterion if required.

**Scheme Background and Description:****Scheme name****Scheme Description:**

*This section should clearly state the scope of the scheme and describe all of its key components. Scheme promoters should also set out the rationale for the scheme including the primary objectives of the scheme. Scheme promoters should provide a location plan of the scheme.*

**Policy Criteria:**

For each policy criterion set out below promoters should provide an appropriate description of how the scheme will address the criterion, based on the guidance provided separately, and where possible address the specific evidence requirement for each criterion.

**Criterion 1: Will the scheme contribute to the creation of new jobs and retention of existing jobs in the North East LEP area?**

<b>Category</b>	<b>Site name or reference</b>	<b>No. of Jobs Scheme will Support</b>	
Local Plan			
Other Designated Site (s)			
<b>Locally Significant Employers</b>			
Employer name	Evidence of significance	No. of Employees	Benefit of Scheme

**Criterion 2: Will the scheme support the North East LEP area gateways?**

<b>Gateway(s) affected by scheme:</b>	
Amount/proportion of gateway trips impacted by improvement	
Amount/proportion of freight impacted by improvement (tonnage and value)	
Time savings for gateway trips or freight	



[illegible]

**Criterion 4: Will the scheme provide sustainable access solutions to existing and growing development corridors, centres and sectors, or support housing growth?**

<b>Sectors/Business Corridors/Key Centres</b>	<b>Evidence of significance</b>	<b>Benefit of the scheme</b>

**Criterion 5: Will the scheme ensure capacity and speed of transport links to and within the North East LEP area are maintained and enhanced in order to increase the attractiveness of the North East LEP area as a place to do business, boosting inward investment and improving competitiveness of indigenous firms?**

*Provide evidence on the nature of the existing issues on the transport network in question.*

*Quantify the issues where possible.*

*Identify where the transport network in question has national or local significance, and identify any specific designations of the networks affected.*

*Outline how the scheme will address any issues.*

**Criterion 6: Will the scheme deliver improved accessibility from residential areas to areas that have employment, education or other opportunities?**

<b>Residential area name</b>	
Unemployment Rate	
Skills levels	
IMD (2007) Health Ranking	
IMD (2007) Overall Ranking	
<b>Description of access to opportunity (employment/education/other opportunity)</b>	
<b>Benefit of the scheme</b>	

**Criterion 7: Will the scheme contribute to an improvement in the overall quality of journeys, particularly those providing links to employment and health or education opportunities?**

**Criterion 8: Will the scheme contribute to an overall improvement in the local environment including improving local air quality or reducing the noise impact of transport corridors?**

<b>Noise</b> – nature and quantification of change or impact	
No. Dwellings affected by noise:	
<b>Air quality</b> – nature and quantification of change or impact	
AQMAs or sites of concern affected:	
<b>Environmental or cultural significance</b> – nature of change or impact	
Area of environmental or cultural significance (name and designation)	
Magnitude of impact on area of environmental and cultural significance	

**Criterion 9: Will the scheme contribute to an overall reduction in carbon emissions relative to the existing situation?**

*If a comparator scheme is being used provide details within the narrative.*

	Promoted Scheme	Comparator Scheme: (name)
Potential mode shift		
Potential change in average speed		

**Criterion 10: Will the scheme provide the opportunity to improve health, reduce levels of obesity among the population or improve road safety within the area?**

<b>Active travel</b>	
Potential mode shift	
IMD health ranking or obesity levels	
<b>Severance</b>	
Location of severance	
Level of severance now	
Estimated level of severance post scheme implementation	
Number of people affected by severance	
<b>Road safety</b>	
Location of accident cluster	
Number of KSIs	
Potential reduction in KSIs	



## Value for Money Criteria

Using the value for money section of the *Guidance on Evidence*, scheme promoters should present below an estimate of the Benefit Cost Ratio (BCR) of the scheme being promoted. This should include a narrative giving a description of how the estimated BCR has been calculated or derived and why it is judged to be appropriate. Information should be provided on the nature of any comparator scheme used or alternatively any other case study information used. Any information used to inform the estimation of BCR should be referenced, or if the information is not available online, it should be appended with the submission of this pro forma.

### Value for Money Assessment:

	<b>Promoted scheme</b>	<b>Comparator scheme</b>
<b>Scheme Name</b>		
<b>BCR</b>		
<b>Brief scheme overview</b>		
<b>Objectives of the scheme</b>		
<b>Scheme cost</b>		
<b>Monetised benefits</b>		
<b>Non monetised benefits</b>		
<b>Operating costs</b>		
<b>Profile of journey time savings</b>		
Less than – 5 minutes		
-5 to -2 minutes		
-2 to 0 minutes		
0 to 2 minutes		
2 to 5 minutes		
Greater than 5 minutes		
<b>Split between:</b>		
Business users and transport providers		
Commuting and other users		
<b>Local Contribution</b>		

## Deliverability Criteria

Using the guidance scheme promoters should complete the tables below to provide evidence on deliverability.

### Costs

#### What is the latest estimated cost of the scheme?

Please provide the total outturn cost and a breakdown of the outturn cost by forecast future years.

2015/16	2016/17	2017/18	2018/19	Total
When were the costs of the scheme last updated?				
Have costs been independently checked?				
Have scheme costs included an adjustment for risk?				
What price base was the original cost was developed in?				
What inflation assumptions have been made to the present day and for the forecasting of future years?				

#### What is the level of funding you are requesting from the LTB?

2015/16	2016/17	2017/18	2018/19	Total

#### What is the funding gap between the latest outturn cost and the cost to the LTB?

2015/16	2016/17	2017/18	2018/19	Total

#### What is the potential for Local Authority contributions?

2015/16	2016/17	2017/18	2018/19	Total

#### What is the potential for developer contributions?

*Provide a brief narrative on the source of these contributions.*

2015/16	2016/17	2017/18	2018/19	Total

What is the potential for funding from other funding pots and budgets?

*Please specify bid or budget details.*

2015/16	2016/17	2017/18	2018/19	Total

Operating costs

What are the likely operating costs of the scheme?

Level of design

*Include a narrative on what work to date has been undertaken on the scheme design*

Please tick as appropriate

<i>Options testing</i>		<i>Preliminary/outline design</i>		<i>Detailed design</i>	
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Funding compliance

What risks have been identified with regard to this option?

Risk	Risk rating 1 (low risk) to 5 (high risk)	How will this risk be managed or mitigated?

Programme/Implementation timetable

*Provide a plan with key milestones and progress including critical path.*

Milestone	Expected completion date

Practical

Technology

<b>Legal powers</b>	
<b>How certain are you of the legal feasibility of the option?</b>	
<i>Include a narrative on the legal feasibility of the option including any issues around statutory powers, planning permissions and land ownership</i>	
Have the required statutory powers been granted?	Yes/No
Are there planning implications?	Yes/No
Is all the land within scheme promoter ownership?	Yes/No

<b>Quality of supporting evidence for the scheme</b>

<b>GRIP Stage (if appropriate)</b>

<b>Resource availability/governance, organisational structure and roles</b>
<i>Summarise the overall approach for project management at this stage of the project.</i>
<i>Describe the key roles, lines of accountability and how they are resourced.</i>

<b>Stakeholders and Public Acceptability</b>
<i>Include a narrative on public and stakeholder acceptability including discussion of any consultation that has taken place to date, issues around stakeholder acceptability, issues around public acceptability and what further public consultation is likely to be required.</i>

<b>Statutory Consultees (HA, Env Agency, Natural England)</b>
<i>Include a narrative on specific engagement or discussions with statutory consultees, identifying any issues noted around acceptability and what further consultation is likely to be required with the statutory consultees.</i>

<b>Value for money</b>	
BCR	

<b>Evaluation</b>
<i>Summarise outline arrangements for monitoring and evaluating the intervention</i>

