

# **Governance Management Case September 2020 Update**

## **Section A. Overview**

### **Overview of Changes**

Changes have been made to the proposed Governance of the Programme primarily that governance will not be a function of the Stoke-on-Trent and Staffordshire Local Enterprise Partnership but Stoke-on-Trent City Council. These changes have been made to reflect that as Accountable Body for any Transforming Cities Fund (TCF) grant made under Section 31 of the Local Government Act 2003 expenditure has to be lawfully incurred by Stoke-on-Trent City Council not the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP). Furthermore the City Council's Chief Finance Officer is required to sign and return the acceptance of any grants terms and conditions. The SSLEP is in agreement with this approach because:

- The SSLEP has limited resources at its disposal set aside for robust stewardship of the programmes, such as Growth Deal, that it is tasked with managing;
- The SSLEP is not responsible for TCF funding as part of its public funding control;
- Neither the SSLEP nor its accountable body (Staffordshire County Council) is being entrusted with TCF funds;
- The SSLEP is not being asked to manage or produce public information on the TCF Programme unlike the Local Growth Fund, City Deal or Enterprise Zones; and
- TCF Funds are not part of the total funds within the SSLEP's direction or control which it has to mention in its annual financial statement.

As the SSLEP can't therefore be the ultimate decision making body for TCF funding, decisions relating to the approval of funds for all individual projects will be wholly made by Stoke-on-Trent City Council in line with its constitution. The SSLEP will be an advisory consultee only.

As per Financial Regulations and as with any formal offer of grant funding there is a need to add funding to Stoke-on-Trent City Council's Capital Programme. The public match funding required has already been presented to Full Council. Full Council at its Extraordinary City Council Thursday, 27 February 2020 (Reconvened on Friday, 6 March 2020) resolved:

'That City Council approves, if the bid is successful, the addition of the Transforming Cities Tranche 2 grant award and up to £6.589 million of city council match funding to the Capital Programme. (Cabinet approved the Transforming Cities Bid at its meeting on 19 November 2019.)'

After being added to the Capital Programme the projects will be managed through the establishment of a Transforming Cities Fund Board and City Council scheme of delegation via Cabinet and Delegated Decisions of the Director of Place, Prosperity and Growth.

### **Project Management**

The City Council has recently developed a robust project management system that follows the principles of good project management as set out by the Association of Project Management and uses a staged gateway system. After being added to the Capital Programme and following the establishment of the Transforming Cities Fund Board and Steering Group projects will be managed via the new gateway processes for managing scheme delivery:

#### Gateway 0: Project Outline

The project outline must be endorsed by the Senior Management Team (SMT), presented to Cabinet and approved by Full Council. The Project Execution Plan is prepared.

#### Gateway 1: Feasibility & Options (Equivalent to OBC Stage)

Cabinet Report recommending a preferred option must be endorsed by SMT and approved by Cabinet. Approval of delegations of Authority. Cabinet must approve the Acceptance Criteria for the project. The project scope, budget, programme and risks are refined. Acceptance criteria must be stated in measurable terms against timescale, cost, performance, fitness for use and reliability.

#### Gateway 2: Design Development

Delegated Chief Officers & Cabinet Members must approve the appointment of any consultants/procurement activities. Key Decisions may be called in by other Council Members up to two weeks after they are notified of Chief Officer approvals. Design to RIBA Stage 3/ 4. Procurement and contract procedure rules followed.

#### Gateway 3: Project Implementation (Equivalent to FBC Stage)

Delegated Chief Officer & Cabinet must approve the awarding of contract to proceed with the project. Key Decisions may be called in by other Council Members up to two weeks after they are notified of Chief Officer approvals. Change control virements to be reported.

#### Gateway 4: Project Close

Project Managers will complete the Project Feedback form and return to relevant Procurement & maintenance Officers. Capital Finance Team will approve the Project Close. Finalise information in the Project Execution Plan.

All scheme costs fall below the £40m set by DfT, so would not automatically be retained by DfT for assurance purposes. To comply with the guidance issued 'Transforming Cities Fund Supplementary Guidance for Shortlisted City Regions Tranche 2' January 2019 and to ensure good governance and project oversight, funding decisions on individual projects or packages of projects within the Programme will be made with reference to the SSLEP's Assurance Framework (September 2020 v8). Compliance with the LEP Assurance Framework is twofold:

Firstly all projects or packages of projects will be developed utilising the LEP's Full Business Case assessment process and application forms noting that following any grant approval these forms may be amended to reflect the specific TCF Programme and City Council Gateway assessment process.

Secondly to ensure that projects meet the objectives of TCF and represent value for money as well as meet DfT WebTAG requirements for due diligence all business cases for individual projects or packages of projects with a value over £5 million will be independently assessed by the LEP's Strategic Programme Management Group whom will make a recommendation to the Transforming Cities Fund Board.

Schemes under £5m will firstly be assessed internally by the Principal Transportation Officer whom has extensive knowledge of the local network, the North Staffs Multi Modal Model and WebTAG principles. If the scheme is likely to have an adverse impact on the flow of general traffic across the strategic network, is likely to increase pollution levels at or close to sites of intervention under Ministerial Direction or be novel or contentious the schemes will also be referred for independent assessment.

The LEP Strategic Programme Management Group (SPMG) will itself refer all projects over £5 million in value to their appointed agent Hatch Regeneris for independent technical assessment, the fee for which will be capitalised as part of business case development using the Transforming Cities Fund budget. The City Council administered Transforming Cities Fund Board will review each project or package of projects, including SPMG's recommendation and any independent technical report, to reach a decision whether projects should be supported. Projects meeting the DfT's criteria and supported through the TCF Board will then go through the normal City Council project approval process.

Stoke-on-Trent City Council's governance process in relation to management of the funds remains largely the same as was submitted in the November 2019 Strategic Outline Business Case. For clarity the governance and regulation processes has been expanded below.

### **Packages of Projects**

Given the number of schemes to be fully designed and implemented by March 2023 it is intended that similar individual schemes, such as the bus priority measures and new active travel routes to the rear of Stoke Railway Station from the National Cycle Network, will be packaged up together. These packages of projects will be presented as one Full Business Case for appraisal and if approved subsequently procured and contractually delivered as one contract.

### **The LEP Assurance Framework**

In recognition that the SSLEP is seeking to drive growth at a strategic level and has published its Assurance Framework to ensure public money is managed effectively Stoke-on-Trent City Council will voluntarily report progress in relation to delivery of

the TCF Programme to the SSLEP Board on a bi-annual basis. The SSLEP welcomes this approach as having oversight of the TCF Programme will enable it to provide the City Council with comment on alignment of the project(s) with the Local Industrial Strategy, Strategic Economic Plan and complementary schemes.

The SSLEP Assurance Framework has been amended to reflect all of the key requirements as set out in Appendix B Transport Schemes (pages 53 – 56) of the National Local Growth Assurance Framework January 2019 v3.

The following table summarises the SSLEP Assurance Framework Transport Business Case requirements and how Stoke-on-Trent City Council will administer the TCF Programme to reflect these procedures and practises.

### **SSLEP Assurance Framework**

- Business cases will be required in proportion to the level of funding sought and risk. In relation to Transport schemes a business case will be required for all schemes with a value over £5 million i.e. Major Schemes. In addition a business case is also required for all schemes with a value over £1 million where the proposal will lead to significant change in the transport network infrastructure, whatever its objectives. All other SSLEP funded transport schemes should be WebTAG compliant;
- Transport projects will be subject to the minimum requirements on value for money assessment, assurance and evaluation of transport projects set out at Annex B of the National Local Growth Assurance Framework. The basis of transport appraisal is the Department for Transport's (DfT's) appraisal guidance known as WebTAG;
- Project promoters will be required to complete a SSLEP Business Case Proforma;
- The modelling and appraisal of schemes contained in business cases must be developed in accordance with the guidance published in WebTAG at the time the business case is submitted for approval;
- The appraisal and modelling will be scrutinised by the SSLEP to ensure it has been developed in accordance with the WebTAG. This will be undertaken independent of the SSLEP's management unit or authority promoting the scheme. The SSLEP will utilise external independent advice to validate business cases and provide assurance that they are in conformance with requirements including WebTAG to ensure that their modelling and appraisal is sufficiently robust and fit for purpose for the scheme under consideration;
- For Transport Schemes a value for money (VfM) statement for each scheme in line with published DfT WebTAG guidance and DfT advice on assessing VfM must be presented for consideration at each approval stage. The VfM assessment will be signed as true and accurate by a named officer;
- For Transport Schemes the SSLEP must either: only approve schemes that offer at least "high" value for money, as assessed using DfT guidance, or; set out the limited circumstances under which schemes offering lower than "high" value for money would be considered. Schemes must be assessed against the relevant thresholds at each approval stage;

- The SSLEP will publish (and publicise) all Transport Scheme Business cases (Outline or Full) before a decision to approve funding is made so that external comment is possible; and
- Opinions expressed by the public and stakeholders will be made available to relevant members or SSLEP board when decisions are being taken.

### **Stoke-on-Trent City Council Adoption**

- A WebTAG compliant Business Case will be required for all projects/packages;
- All Business Cases for projects or packages of projects over £5 million in value will be forwarded to the SSLEP Strategic Programme Management Board for comment including value for money, deliverability and strategic fit with the DfT criteria;
- All Business Cases for projects or packages of projects with a value over £5 million will be independently assessed by the SSLEP's appointed consultant Hatch Regeneris that will ensure WebTAG guidance has been followed and the proposals are robust;
- All Business Cases will be circulated to the Transforming Cities Fund Board in advance of meetings and presented in full so that informed decisions can be taken;
- All TCF Business Cases for projects or packages of projects with a value over £5 million will be published on Stoke-on-Trent City Council's website at least 14 days prior to a decision being taken to enable stakeholders and interested parties to comment. The publication of the Business Cases is in addition to statutory consultation such as that required when a Traffic Regulation Order is published or Cabinet Decision taken in relation to a proposed project;
- All project lead officers will be required to complete a SSLEP Business Case Proforma this may be adapted in agreement with the SSLEP specifically for the TCF Programme. Project lead officers will be suitably qualified officers employed by Stoke-on-Trent City Council. Officers may from time to time be supported in their preparation of the Business Case by specialist external consultancy services;
- The modelling and appraisal of schemes contained in business cases must be developed in accordance with the guidance published in WebTAG at the time the business case is submitted for approval;
- Appraisal and modelling will be scrutinised by members of the Transforming Cities Fund Board. In addition all Business Cases for individual projects or packages of projects with a value over £5 million will be independently assessed by the SSLEP's appointed consultant Hatch Regeneris that will ensure WebTAG guidance has been followed and the proposals are robust. The Transforming Cities Fund Board will take the consultant's report into consideration when making its decision;
- For projects or packages of projects over £5 million in value the Programme's Senior Responsible Owner the Director of Place, Growth & Prosperity will sign off each Business Case VfM statement before presentation to the Transforming Cities Fund Board;
- The Transforming Cities Fund Board will only approve individual projects or packages of projects that offer at least 'Medium' VfM (BCR 1.5) linked to a strong strategic case. The expectation is that the score should be 'high' value

of 2 or more. For clarity projects with a BCR lower than 2 should demonstrate clear alignment with the Operational and Specific TCF Objectives as contained in Figure 4.1 of the November 2019 SOBC submission and should demonstrably contribute to the achievement of the Strategic Outcomes.

Projects scoring less than high VfM should also justify their fit with the local objectives as contained in the 2010 -2025 Local Transport Plan, the City Wide Air Quality Action Plan or Newcastle-under-Lyme and Stoke-on-Trent Core Spatial Strategy (Adopted); and

- The City Council will publish Business Cases for projects or packages of projects over £5 million in value on its website for a minimum of 14 days prior to the date of the Transforming Cities Fund Board meeting at which a decision will be made. Opinions expressed by the public and stakeholders will be made available to relevant members.

## **Section B Stoke-on-Trent City Council Governance**

### **Membership of the Transforming Cities Fund Board**

At its Meeting on the 21 July 2020 Cabinet approved the creation of a Transforming Cities Fund Board (TCF Board), to be chaired by the City Council Cabinet Member for Regeneration, Infrastructure & Heritage, to oversee governance of the Transforming Cities Fund programme. The Board will meet on a quarterly basis or more frequently as required.

With the addition of the Stoke-on-Trent City Council Principal Transportation Officer (WebTAG compliance expert) Membership of the Board remains the same as the November submission:

- Chair – Cabinet Member for Regeneration, Infrastructure & Heritage
- Section 151 Officer – Assistant Director Finance
- Senior Responsible Owner – Director of Place, Growth & Prosperity
- TCF Programme Manager
- Principal Transportation Officer – WebTAG informed expert
- Network Rail
- First Bus
- Train Operating Company
- SSLEP SPMG
- Department of Transport (observer status – no voting)

Membership will be reviewed annually and at other times by the Board as may be required. Deputies will be permitted. The Terms of Reference stipulate the Board has a remit:

- To ensure that Stoke-on-Trent City Council delivers the step change required so that the intended Programme objectives are achieved;
- To approve the Programme Strategic Plan;
- To approve the Annual Delivery Plan and monitor its delivery;
- To agree and monitor strategic performance targets in consultation with the Department for Transport;

- To provide strategic guidance to the project delivery teams, identifying solutions to problems and leading high level stakeholder engagement;
- Board members will receive and review individual project/package Full Business Case submissions and take into account any recommendations resultant from independent assessment prior to reaching a decision;
- The Board will ensure that WebTag appraisal/ monitoring guidance including publication has been followed for all schemes taking guidance from the Technical Project Manager. The SRO will sign off that projects are WebTAG compliant;
- To ensure the minimum requirements including publication as set out in Appendix B Transport Schemes are met and that independent scrutiny has been undertaken of all schemes (individual projects or packages of projects) over £5 million in value;
- To report upon delivery of the TCF Programme bi-annually to the Stoke-on-Trent and Staffordshire Local Enterprise Partnership Strategic Programme Management Board so that strategic linkages can be made to the Programme;
- Decisions made (taking into account the Business Case including VfM and deliverability within the TCF Grant timeframe) will be subject to confirmation by majority vote; and
- The Chair will have responsibility for taking a casting vote in the event of a tie.

A meeting quorum will be five members including at least one member of the SSLEP Strategic Programme Management Board or a Transport provider. Where the TCF Board is not quorate, business may proceed but decisions will be subject to confirmation by the majority of members present and voting at the next appropriate meeting provided always that a quorum is present or, where more appropriate, by the Electronic Procedure (Appendix 1).

Notwithstanding any TCF Board project approval a project will only be able to proceed if it further meets Stoke-on-Trent City Council's own governance procedures.

### **Conflict of Interest**

All Board members will be required to complete a Related Party Declaration form and to disclose any potential conflicts of interest, at the beginning of each meeting, which may prevent them from making an impartial decision on either the prioritised programme or a particular investment or scheme. Depending on the nature of the potential conflict of interest, to be determined by the other members present, there may be a need to co-opt another member on to the TCF Board for the purpose of making a particular decision. All conflicts and co-opting will be recorded in the minutes of the meeting.

### **Gifts & Hospitality**

TCF Board members are not allowed to accept any gift or hospitality from any individual or organisation who has a specific interest in any scheme or other item of TCF Board business. There are legislative responsibilities placed upon all Local

Authorities to prepare and maintain two different registers relating to the interests and receipt of gifts and hospitality of their Councillors and to make both registers open to public inspection. The council monitors compliance with its codes and procedures and this process is audited.

### **Audit & Scrutiny**

Through the annual internal audit plan, the City Council's internal audit team carry out planned audits of both financial and non-financial systems to provide an overall opinion on internal controls and identify weaknesses that may present risks to the Council's services. The internal audit team will be instructed to carry out appropriate investigations and checks in all significant respects to confirm any Transforming Cities Fund grant determination is complied with. The audit to take place after half of the available grant has been defrayed will be made available at the request of the DfT. Any shortcomings identified within the audit will be reported to the TCF Board and appropriate remedial action will be put into place. This is to avoid the risk of DfT withholding or recovering funding due to an adverse audit finding or because remedial action has not been taken in a timely manner. Further audits will be carried out in line with any Grant conditions.

### **Transparency & Local Engagement**

The TCF Board and Steering Group will engage as appropriate with key stakeholders as identified in the November 2019 submitted Appendix P 'Communications and Marketing Plan' on a project by project basis. The level of engagement will be proportionate to the scale of intervention.

Transparency relating to the approval of TCF projects will be achieved through:

- Publication of all Notices of Key Decisions according to The Local Authorities Executive Arrangements, Meetings and Access to Information, (England) Regulations 2012;
- Publication of all TCF project reports requiring a Cabinet decision. The Cabinet is made up of the Leader (of the Council), who is appointed by the City Council, and up to 9 Cabinet Members appointed by the Leader. When major decisions are to be discussed or made, these are published in the Notice of Key Decisions. If these major decisions are to be discussed with Council Officers at a meeting of the Cabinet, this will generally be open for the public to attend except where personal or confidential matters are being discussed. The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the Budget or Policy Framework, this may be referred to the Council as a whole to decide;
- Publication of all scheme Outline or Full Business Cases for individual projects or packages of projects with a value over £5 million on a dedicated Transforming Cities Fund web page 14 days in advance of any project being considered by the TCF Board;
- Publication of any Traffic Regulation Orders for 14 days;
- The hosting of public consultation events; and
- Publication of the Transforming Cities Fund Annual Delivery Plan



As the accountable body, Stoke-on-Trent City Council will deal with all information requests made under the Freedom of Information Act 2000 and the Environmental Impact Regulations 2004, in respect of TCF Board and Programme business.

### **Complaints & Whistleblowing**

Any individual or organisation is entitled to make a complaint if they feel that the work of the TCF Board is not being undertaken in accordance with the standards outlined in this Governance update. Complaints will be considered in line with Stoke-on-Trent City Council's Complaints, Comments and Compliments Procedures found at [www.stoke.gov.uk/downloads/file/531/complaints\\_comments\\_and\\_compliments\\_procedure](http://www.stoke.gov.uk/downloads/file/531/complaints_comments_and_compliments_procedure)

Elected Members and Officers working on TCF business are committed to high standards of conduct and compliance with legal obligations and good practice. They want malpractice to be pointed out and dealt with and they expect those who help to deliver the programme of improvements, to help with that. Both Members and Officers are encouraged to raise genuine concerns as "whistleblowers" through the Confidential Reporting system.

### **Section 151**

Stoke-on-Trent City Council reviews and tests its governance and structures in delivering best practice against the CIPFA/IFAC framework seven core principles of good governance:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Determining the interventions necessary to optimize the achievement of the intended outcomes.
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

All TCF Board and Cabinet or Directorate level Chief Officer Delegated Decisions which have a financial implication will be provided to the Section 151 officer/delegate, and where decisions are being made the Section 151/delegate will have the opportunity to comment.

The Section 151 officer will ensure that the proper administration of financial affairs within the TCF Programme continues throughout the year. They will provide an

assurance statement as part of the mid-point internal audit and a letter to the Accounting Officer at the DfT, on request, which will include:

- Details of the checks that the S151 officer has taken to assure themselves that the TCF Board and Project Approval Gateway processes are robust; and
- A statement outlining whether, having considered all the relevant information, the Section 151 officer is of the opinion that the affairs of the TCF Programme are being properly administrated within the constitution of Stoke-on-Trent City Council.

### **Scheme Prioritisation and Assessment**

Scheme prioritisation and development of a scheme programme has been completed at Strategic Outline Business Case (SOBC) stage. At SOBC stage prioritisation involved sifting a long list of schemes down to an agreed programme in line with DfT guidance.

Each scheme will be project managed and promoted by officers (Promoters), who will be responsible for developing scheme proposals and producing Business Cases (on an individual project or package of projects approach) that are appropriate in scale and content to the proposals. The TCF Board will be responsible for assessing the Business Case and deciding whether to provide funding for the scheme, and with what conditions.

Prior to consideration by the TCF Board individual Promoters will:

- Complete a Business Case Assessment Pro-forma for individual projects or packages of projects (5 case model/ including VfM). All projects regardless of value will need to go through a process of sign off by the TCF Board;
- Undertake WebTAG Modelling;
- Seek the SRO sign off that the project can proceed to the TCF Board;
- Refer individual schemes or packages of projects over £5 million in value to the SSLEP for independent assessment; and
- Publish the Business Case for all schemes (individual projects or packages of projects) over £5 million in value on the Stoke-on-Trent City Council web page for 14 days prior to any TCF Board meeting and present interested parties feedback received to the TCF Board for their consideration prior to any decision being made.

Schemes over £5 million in value will be independently assessed by the SSLEP's appointed agent Hatch Regeneris whom will:

- Carry out a Business Case Assessment;
- Produce a VfM statement; and
- Make a recommendation to the SSLEP Strategic Programme Management Group.

The TCF Board will:

- Consider all Outline or Full Business Cases submitted;

- Consider any stakeholder or interested party comments received resultant to advertisement;
- Agree whether projects should be supported and the overall level of funding;
- Agree any project funding profile;
- Issue any specific conditions or approvals including monitoring, evaluation and audit;
- Consider quarterly progress reports; and
- Review monitoring and evaluation reports.

## **Section C The Approval Process**

### **Strategic Outline Business Case / Outline Business Case**

Projects contained in the Strategic Outline Business Case submitted to the DfT September 2020 are, for expediency against the delivery timetable, deemed to already have met the need for an SOBC and given the level of design undertaken Outline Business Case. Project promoters should present a clear statement of objectives, an outline of the scope (works), outline costs, draft programme and risk assessment with an appropriate action plan for red risks and monitoring and evaluation plan from the Tranche 2 Bid (Gateways 0 & 1). Only new projects or those that are particularly large or complicated or where the design principles have altered since the September re-submission will be required to present an Outline Business Case to the board prior to completing a Full Business Case. In the TCF Package due to its complexity of partnership delivery the Longton Railway Station proposals will require an Outline Business Case.

The approved package at Programme level will be presented to the inaugural meeting of the TCF Board with the objective that the TCF Board approves the development of full business cases in detail for each project or package of project proposals. Full Business Cases will be prepared by promoters following final design refinement, statutory consents and the pricing of works costs. Gateways 2 Design Refinement and 3 Project Implementation.

New Projects not contained in the SOBC submitted to DfT in September 2020 will need to complete a SOBC following the principles of TAG for consideration by the TCF Board prior to commencement of any Full Business Case development. All new projects should meet the strategic policy objectives set out in the Tranche 2 Bid Submission.

### **Full Business Case**

At this stage schemes (individual projects or packages of projects) will be designed and developed and a full proportionate detailed business case, following TAG principles will be submitted to the TCF Board. Scheme promoters should consider VfM and should reference the wider economic impacts captured in the Tranche 2 Bid Submission at Table 5.5.3. The greater the Benefit to Cost Ratio (BCR) of a

scheme, the higher the value for money it is. Scheme benefits potentially encompass a wide range of economic impacts including:

- Economy – business user benefits reduction in costs to businesses, transport operators and passengers, reliability impacts on business users, regeneration increasing inward investment;
- Environmental – improved air quality, reduction in greenhouse gases improved townscape;
- Social – public transport user benefits, public transport reliability, journey quality, health benefits from increased physical activity, reduced accidents improving safety and security, increasing access to jobs, Modal shift from private cars to more sustainable modes of transport such as walking, cycling or public transport; and
- Public Account - Revenue generated from modal shift, particularly with schemes involving rail or any passenger transport.

The proportionate use of TAG is mandatory for all schemes. Scheme promoters will be required to conduct appraisals and value for money assessment for all projects/packages of projects irrespective of project value using the DfT's WebTAG tool kit: [www.gov.uk/guidance/transport-analysis-guidance-webtag](http://www.gov.uk/guidance/transport-analysis-guidance-webtag)

Central case assessments must be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). The appraisal and modelling commissioned by Promoter will be scrutinised by the TCF Board. The TCF Board will include in house appropriately skilled and professional officers whom will scrutinise the appraisal and modelling undertaken to ensure compliance with the latest WebTAG guidelines. This function will be bolstered for individual projects or packages of projects with a value over £5 million that will be independently assessed.

A value for money case assessment will be mandatory for all individual projects or packages of projects. The VfM statement summarise the economic case for the scheme, so that stakeholders can understand the potential costs, benefits and impacts. It should provide an overall Benefit to Cost Ratio (BCR) which will compare the monetised benefits with the costs (such as those in relation to journey time savings and the reduction in accidents). In purely monetised economic terms, the value for money of a scheme will be categorised as follows:

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  
Very high VFM if the BCR is greater than 4.0

Schemes that demonstrate high value for money (a BCR of over 2, and accounting for significant non-monetised impacts and key uncertainties) will have the best

chance of being funded. However in recognition of other non-monetised benefits particularly for some individual projects such as Longton Station with a strong Strategic Case (as clarified on page 5 above) the TCF Board will be able to approve projects with a BCR of 1.5. Schemes with a Poor or Low BCR will not normally be funded and will only be funded by exception in consultation with the DfT assigned local area case officer.

The Programme Manager will be responsible for ensuring that appropriate checks are carried out and by suitably qualified persons including the Principal Transportation Officer. This will include a consideration of WebTAG appraisal methodology and relevance of all the non-monetised evidence provided by the promoters. Any inconsistencies within this evidence, and between this evidence and the economic case, will be carefully considered by the Programme Team before the Senior Responsible Owner signs off the Business Case for progression to the TCF Board. The SRO may request further impartial due diligence which will be reported to the board with recommendations.

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

Proportionate business cases for individual projects or packages of projects with a construction cost more than £5 million will be published (and publicised) on Stoke-on-Trent City Council's website for at least two weeks before funding approval decisions are made so that external comment is possible. This would include a Value for Money Statement. Opinions expressed by the public and stakeholders will be available to TCF Board members when decisions are being taken. There will be exceptions for any commercially sensitive information.

### **Scheme Approval**

By formal agreement between the TCF Board and the promoter. The agreement will include the approved funding and programme, the scope and detail of the scheme that has been approved, any specific conditions for the particular scheme, monitoring/evaluation arrangements, reporting, claims and audit requirements.

The TCF Board must be notified as soon as possible of any significant changes of scope or delays in the approved programme (Gateway Virement). Full details will need to be submitted to the TCF Board. There will be no automatic increase in funding from the TCF Board. The TCF Board will consider the merits of the submission and take into account any headroom in the overall funding profile held by the TCF Board.

### **Release of Funding/ Cost Control**

The TCF scheme funding can only be spent on the specified scheme and only on capital expenditure (including bus Tap on Tap Off readers/ software). Funding will only be released after the full approval stage via usual cost centre codes for internally led projects and via the completion of Grant Claim forms backed up by evidence of defrayment for externally managed projects. The Programme Manager

in consultation with a nominated Finance officer will sign off external Grant Claim forms for payment. The TCF Board may consider applications for a part contribution to cost increases on a one-off basis and subject to the TCF Board having sufficient funds available. Full supporting information will need to be submitted to the TCF Board and there is no guarantee of any additional funding being made available.

All scheme promoters in receipt of TCF funding are required to provide regular quarterly progress reports containing financial and delivery information to the Programme Manager. A collated report on overall Programme progress including project progress/ expenditure against profile/ outputs/ benefit realisation and risks will be reported to each TCF Board meeting.

Before any funding is released external scheme promoters will need to accept the funding (and the conditions for its use) through entering into a Grant Funding Agreement a copy of which is available upon request. The Funding Agreement will cover the following Clauses and Schedules:

#### Clauses

1. Definitions
2. Purpose of Grant
3. Payment of Grant
4. Use of Grant
5. Accounts and Records
6. Monitoring and Reporting
7. Acknowledgement and Publicity
8. Intellectual Property Rights
9. Confidentiality
10. Freedom of Information
11. Data Protection
12. Withholding, suspension and Repayment of Grant

#### Schedule

Schedule 1. The Project

Schedule 2. Expenditure Profile

External scheme promoters will be responsible for submitting timely quarterly claims to the Programme Manager for payment in arrears. The Grant Claim Form includes a transaction list (Supplier/ Supplier VAT no./ Invoice Ref/ Invoice Date/ Defrayal Date/ Defrayal Method/ Expenditure Description/ Invoice Value/ Irrecoverable VAT/ Total Eligible Expenditure) that needs to be satisfactorily completed and evidenced before any Grant payment is released. In the event a scheme under spends against the approved Expenditure Profile, the underspend cannot be transferred to fund other schemes without the approval of the TCF Board. The TCF Board will be mindful of the need to ensure that there is a mechanism in place to be able to make

available any surplus funds held by the Programme to alternative schemes within the wider programme as required and justified.

### **Programme & Risk Management**

The scheme programme will initially run from Q3 2020/21 to Q4 2022/23. A realistic programme is essential to enable funding to be provided within the available funding envelope and profile. It is necessary to plan expenditure to an agreed profile. Project delays need to be brought to the Programme Manager and TCF Board attention as soon as they are foreseen. There is no guarantee of funding outside the agreed profile for the scheme. The Programme Manager supporting the TCF Board will be responsible for overall management and monitoring of the Programme

A programme level Quantified Risk Assessment (QRA) following the principles of TAG Scheme Cost guidance has been undertaken as part of the SOBC submission. The Programme level Risk Register showing the probability of each risk, the actions required to mitigate each risk, the owner of the risk and eventually the date of closure will be regularly updated. It will be the TCF Boards responsibility to ensure that the risks are managed effectively.

Similarly, a full project-level QRA and mitigation/contingency plans are required for each scheme as part of the assurance process and business case development. Where a project is seen as High Risk the TCF Board will scrutinise the risks and proposed mitigation. If the Board are not satisfied with the response, then they may decide to remove the project from the programme.

In the event that a project has, in the opinion of the TCF Board, significantly changed (by 10% or more) from what was originally proposed (i.e. spend profile, outputs and outcomes, or delivery) the TCF Board will write to the promoter requesting a written response detailing why the project has changed. Following receipt of the response the TCF Board may decide to proceed with the amended project, may request that the project revert back to what was originally approved, release only part of the funding or delete the project from the programme.

If a project has not commenced within 6 months of the Board meeting at which the project was approved, the project will be reported as a high-risk project. In this instance the TCF Board will write to the promoter requesting a written response detailing why the project has been delayed. If the Board are not satisfied with the response, they can remove the project from the programme.

For each scheme that is included in the programme, the scheme promoter will be required to provide a project programme including estimated timescales for:

- Statutory Orders;
- Public consultation;
- Scheme procurement; and

- Construction.

Throughout scheme promoters will need to provide timely updates on progress and provide an up to date register of project risks.

### **Measuring Success**

Measuring the success of projects provides important lessons which are used to further improve the decision-making processes outlined in the previous section. This increases the likelihood of successful delivery of future projects. Internally run projects will report information through Gateway 4 Project Close.

### **Monitoring & Evaluation**

The scheme promoter should prepare summary reports one year and five years post completion of the project as recommended in the Transforming Cities Fund Competition launch guidance. The summary report should highlight the outputs, outcomes and impact of projects and activities funded by the TCF Board. This is an integral element of the commissioning and delivery stage in the Programme/project management cycle, and forms the basis of the TCF Board performance management reporting procedures.

Once a project is underway, a continual communication process will be maintained between the Programme Manager and the project promoters. The promoter provides regular update reports (Highlight Reports) to the Programme Manager. The Programme Management team will then collate the programme information and complete (quarterly/annual) reports to the TCF Board and Staffordshire LEP.

Evaluation is an important element of the scheme. It allows promoters and the TCF Board to be able to demonstrate to stakeholders, the public and the Government that an investment has delivered as predicted. It also allows any 'lessons to be learnt'. Monitoring is defined as the collection of data to check progress against planned targets and benefits. Evaluation is defined as the assessment of the scheme effectiveness and efficiency during and after implementation. This includes measuring the causal effect of the scheme on planned outcomes and impacts and assessing whether the anticipated benefits and value for money have been realised. The results of evaluation and monitoring for each scheme will be made available to the DfT.

Promoters must submit proposals for, and undertake proportionate monitoring and evaluation in accordance with the DfT guidance documents on evaluation available at: <https://www.gov.uk/government/publications/monitoring-and-evaluation-framework-for-local-authority-major-schemes> and also in accordance with the emerging TCF Evaluation Guidance.



## **Appendix 1 - Electronic Procedure (Decision Making)**

In this text the term “committee” is deemed to cover Board, Committee, Panel or sub-Committee, etc. Where the Chair of a committee has decided to seek agreement to a proposal via the Electronic Procedure the following process shall be implemented:

- In such cases, the Secretariat shall write to each member of that committee requesting agreement to a specified course of action;
- Committee Members shall be given no fewer than five clear working days to respond, unless a decision is required urgently, which in relation to the Electronic Procedure, will be determined by the Chair in conjunction with the Vice Chair;
- For a decision to be taken, the number of members participating and the composition of those members must be the same as for a quorate meeting and over 50% of those participating must agree to the course of action; and
- All decisions made by Electronic Procedure shall be ratified at the next scheduled meeting of the relevant group, provided a quorum is present.

The relevant committee may also delegate specific decisions to the Chair following a meeting, for example if some additional action is required on an item which has been discussed at a meeting. Where the Chair receives a specific delegation, any decision must be: recorded, stored by the Secretariat, and ratified at the next meeting of the relevant committee, provided a quorum is present.