

DATED

2013

**Hampshire County Council
Isle of Wight Council
Portsmouth City Council
Southampton City Council
and
Solent Local Enterprise Partnership Limited**

AGREEMENT
Relating to
The Solent Local Transport Body

Mark R Heath
Director of Corporate Services
Southampton City Council
Civic Centre
Southampton
SO14 7LT

RECITALS

1. The Parties to this Agreement have agreed to form a voluntary partnership to undertake the role of the Solent Local Transport Body ("LTB").
2. The Parties wish to enter into this Agreement to record their respective rights and obligations to each other and also their commitment to comply with the Government's requirements (the Assurance Framework as approved by the Department for Transport ("DfT"))
3. The Parties enter into this Agreement in pursuance of their powers under their Memorandum and Articles of Association (in respect of the LEP) and the Local Government Acts 1972 and 2000 and all other enabling powers (in respect of the local authorities).
4. The Parties further note that these arrangements will be kept under review including (but not limited to) in the event that a City Deal / Combined Authority is agreed in relation to the area covered by the LTB, such review shall include the role and existence of the Solent LTB (as currently constituted).

NOW IT IS AGREED:

1. Commencement

This Agreement shall come into force on the date above and shall continue in force until determined in accordance with Clause 13 of this Agreement.

2. Description

This Agreement records the present intentions of the Parties. It is entered into in good faith, but it is expressly recognised that this Agreement cannot fetter the discretion of the Parties. Subject to that, the following points are agreed.

3. Parties

- a. Hampshire County Council of The Castle, Winchester, Hampshire, SO23 8UJ
- b. Isle of Wight Council of County Hall, High Street, Newport, Isle of Wight, PO30 1UD
- c. Portsmouth City Council of Civic Offices, Guildhall Square, Portsmouth, Hampshire, PO1 2BG
- d. Southampton City Council of Civic Centre, Southampton, Hampshire SO14 7LY
- e. Solent Local Enterprise Partnership Limited of 1 London Road, Southampton SO15 2AE

4. Definitions

- 4.1 "The Parties" means the Parties to this Agreement set out in Clause 3 of this Agreement.

- 4.2 “LTB” means the Solent Local Transport Body, a voluntary partnership between the Parties to this Agreement which shall meet and discharge its business in accordance with this Agreement
- 4.3 “The LTB Area” means the geographical area shown on the plan in Appendix 3 of this Agreement.
- 4.4 “Key Objectives” means the Key Objectives for the LTB laid out in Appendix 4 of this Agreement.
- 4.5 “Lead Authority” means the local authority appointed by the Parties under this agreement to lead on a particular function in accordance with Clause 12 of this Agreement.
- 4.6 “Associate Members” shall mean those bodies given such membership and rights as laid out in Clause 8 of this Agreement.
- 4.7 “The Local Transport Authorities” (“LTAs”) shall mean Hampshire County Council, the Isle of Wight Council, Portsmouth City Council and Southampton City Council.

5. Interpretation

- 5.1 The headings for each section throughout this Agreement are provided for ease of reference only and shall not affect its construction or interpretation.
- 5.2 Where the masculine gender is used it shall also incorporate the feminine gender. Where the singular is used, it shall also incorporate the plural and words importing party and persons includes bodies, corporate and unincorporated and (in each case) vice versa.
- 5.3 Any reference to legislation shall include a reference to that legislation as amended, applied, consolidated, re-enacted by or as having affect by virtue of any subsequent legislation

6. Principles and Key Objective

- 6.1 The Parties agree to establish and participate in a voluntary Partnership to be known as “Solent LTB” (“LTB”).
- 6.2 The Key Objectives for the LTB are as set out in Appendix 4 of this Agreement.

7. Governance Structures and Membership

- 7.1 The Governance Structures shall be established in accordance with Appendix 5.. Any proposed change to the governance arrangements shall be treated as a variation in accordance with Clause 18 of this Agreement.

- 7.2 The membership of the Governance Structures shall be as laid out in Appendix 6. Any proposed change to membership shall be treated as a variation in accordance with Clause 18 of this Agreement.

8. Decision Making, Categories of Membership and Voting Rights

- 8.1 A Local Transport Board (“the Board”) will be established with the terms of reference, membership and constitutional arrangements as set out in Appendices 5 and 6 of this Agreement.
- 8.2 The Board will be administered by the relevant Lead Authority appointed in accordance with Clause 12 of this Agreement. The constitutional arrangements for the Board will be determined by that Lead Authority and will, unless the Lead Authority determines otherwise, follow the Constitutional arrangements of the Lead Authority.
- 8.3 The Board may at its absolute discretion determine that other bodies may have Associate Membership status which shall enable them to speak but not vote
- 8.4 Membership may be reviewed at any time, but shall be reviewed at least every two years. Any proposals for a change in membership shall be considered in accordance with Clause 18 of this Agreement.
- 8.5 Decisions shall be reached by simple majority voting between the Parties. Each of the Parties shall have one vote per organisation.
- 8.6 The quorum for meetings of the Board shall be 4 of the 5 Parties.
- 8.7 The Transport for South Hampshire and the Isle of Wight (“TfSHIOW”) Senior Management Board shall be responsible for LTB business case scrutiny and recommendation, and shall have the authority to commission such other bodies or persons to assist them in this role. The TfSHIOW Project Manager shall be responsible for signing off individual assessments of business cases. In the event of the TfSHIOW Project Manager being conflicted from undertaking this role, they shall liaise with the legal advisor (Monitoring Officer) who shall make such other arrangements as they deem appropriate following consultation with the Parties
- 8.8 Chairmanship shall rotate between the Local Transport Authorities on a basis to be agreed between them.

9. Legal, Governance, Probity and Financial Administration Issues

- 9.1 The LTB shall appoint one of the LTAs to provide the services of legal adviser to the partnership under this Agreement, and that LTA shall act as Lead Authority for providing advice and guidance on all corporate governance, constitutional and other legal matters. The charges for such provision (which may be sub-contracted by that authority to other authorities or the private sector) shall be met in accordance with clause 10 of this Agreement.

- 9.2 The LTB shall appoint one of the LTAs to provide the services of financial adviser to the partnership under this Agreement and that LTA shall act as Lead Authority for providing advice and guidance on all financial administration and other associated financial issues. This shall include making provision for regular local independent audit. The charges for such provision (which may be sub-contracted by that authority to other authorities or the private sector) shall be met in accordance with Clause 10 of this Agreement.
- 9.3 The Parties shall adhere to the Lead Authority's Code of Conduct and Rules for the purposes of declaring conflicts of interest and personal interests, declaring gifts and hospitality and shall abide by the Monitoring Officer's directions and requirements as though they were a member of that authority.
- 9.4 The Parties acknowledge the possibility of conflicts of interests between their LTB role and their role in their host organisation, and undertake to at all times act in the interests of the area as a whole and not according to the sectoral or geographic interests of their member organisations. The Monitoring Officer may provide further advice as required on this issue.
- 9.5 To promote transparency, a separate register of personal interests (including gifts and hospitality) of the individuals attending the Board on behalf of the Parties shall be held by and maintained by the LTB as directed by the Monitoring Officer (who will determine which authority shall host this arrangement and how such information is to be placed in the public domain)..
- 9.6 Hampshire County Council shall be the accountable body. This arrangement may be varied in accordance with Clause 18 of this Agreement. The accountable body shall:
- a. hold the devolved major scheme funding and make payments to delivery bodies such as other local authorities;
 - b. account for these funds in such a way that they are separately identifiable from the accountable body's own funds;
 - c. provide financial statements to the LTB as required;
 - d. ensure that the decisions and activities of the LTB conform with legal requirements with regard to equalities, environmental, EU issues etc;
 - e. ensure (through their Section 151 Officer) that the funds are used appropriately;
 - f. ensure jointly with the Monitoring Officer that the LTB assurance framework as approved by DfT is being adhered to;
 - g. maintain the official record of LTB proceedings and hold all LTB documents; and
 - h. be responsible for the decisions of the LTB in approving schemes (for example if subjected to legal challenge).
- 9.7 For the avoidance of doubt, the Parties confirm that devolved major funding may only be used in accordance with an LTB decision
- 9.8 The accountable body shall, on behalf of the LTB put in place arrangements for independent local audits to be carried out by a qualified auditor, and shall submit the reports of these audits to DfT. The aim of each audit will be to verify that the LTB is operating effectively within the terms of its agreed assurance framework. The LTB shall be responsible for taking the necessary action to remedy any shortcomings identified within the audit.

10. Financial Commitments of the Parties

- 10.1 The running costs of the LTB and the Board shall be met by a financial contribution from the Parties agreed by the Board.

11. Staff

- 11.1 Transport for South Hampshire and the Isle of Wight (TfSHIOW) shall provide the secretariat for the LTB and the Board.
- 11.2 When any of the Parties agrees to undertaking work at the request of the LTB, the staff of the Party undertaking such work shall be considered to be seconded to the LTB.
- 11.3 During the period of secondment, the staff shall continue to be employed by the Party from whom they were seconded and managed by that Party and no changes to the staff's terms and conditions of employment shall take place.
- 11.4 When the period of secondment comes to an end, the staff shall be treated as having returned to their original authority on the terms and conditions applying to their posts had they not been seconded

12. Lead Authorities and their Duties

- 12.1 In order to achieve the objectives of the LTB, the Parties may appoint a Lead Authority to act on their behalf in implementing decisions of the Board.
- 12.2 In the event of an authority being appointed as Lead Authority by the LTB, subject to any terms, conditions, limitations or caveats, the Lead Authority shall:
- a. act as agent for the LTB in the management and day-to-day supervision of the particular task the Lead Authority has been asked to lead on;
 - b. compile and return all financial and participation data relevant to the task that the Lead Authority has been asked to lead on;
 - c. convene meetings comprising such individuals, bodies or others as agreed by the LTB in establishing the Lead Authority arrangements and update the Parties on the progress of the task assigned to the Lead Authority;
 - d. act as the representative of the LTB in any discussions or negotiations when acting as the Lead Authority;
 - e. provide such administrative resources and office facilities as are reasonably necessary to enable the Lead Authority to manage the project (subject to any caveats or limitations agreed by the LTB in establishing the Lead Authority arrangements);
 - f. exercise overall responsibility for ensuring the quality assurance of the project or task assigned to the Lead Authority, including monitoring and evaluation in consultation with other Parties; and

- g. play such other role(s) as would normally and reasonably be expected of a Lead Authority in relation to the project or task as assigned.

12.3 The Lead Authority shall have full authority and power to act within the scope of the roles and responsibilities laid out in this Agreement on behalf of the LTB in the course of or for the purpose of doing the activities agreed by the LTB as Lead Authority in relation to the specific task assigned. Such action may be taken without further consent or approval from the Board provided this is within the scope of the authority given by the Board. The Parties shall take such steps as shall be necessary to enable the Lead Authority to fulfil its role.

13. Termination and Withdrawal

13.1 The LTB recognises that the success of the LTB depends upon the mutual co-operation of all the Parties and the withdrawal of any Parties may have serious administrative and financial repercussions for the remaining Parties and any Party withdrawing from the LTB shall, unless otherwise unanimously agreed:

- a. give six months notice in writing of withdrawal to all other Parties; and
- b. the other Parties shall consider what future arrangements should apply for the discharge for their functions which may include to agreeing to continue joint arrangements further to a new joint agreement.

14. Intellectual Property

14.1 Unless otherwise agreed:

- a. the Parties shall not acquire any right, title or interest in or to the intellectual property rights of the LTB; and
- b. the LTB shall not acquire any right, title or interest in or to the intellectual property rights of the Parties.

14.2 Any issues, challenges or claims in relation to any intellectual property rights shall be advised to each of the Parties immediately, and any intellectual property right claim shall be managed by the Parties as agreed.

15. Data Protection, Freedom of Information, Local Government Transparency Code, Information Sharing and Confidentiality

15.1 Without prejudice to the specific requirements of this clause, each Party shall comply with its legal requirements under data protection legislation, freedom of information and associated legislation, and the law relating to confidentiality.

15.2 An authority will be appointed as a Lead Authority for the purposes of ensuring compliance with any requirements arising under this Clause should they arise directly in relation to the LTB (as compared to information held by the Parties to this Agreement).

- 15.3 Subject to any legal obligations either arising upon the Parties and/or the LTB, information supplied by the Parties or third parties shall, unless agreed by the LTB, subject to any over-riding legal obligations, be treated as confidential.
- 15.4 The LTB shall, in discharging its responsibilities, comply with the Local Government Transparency Code
- 15.5 For the avoidance of doubt, meetings of the Board shall comply with the requirements of Part VA Local Government Act 1972 (access to information).
- 15.6 The LTB shall have its own web pages.

16. Liability of the Parties

- 16.1 Whilst the Parties / Parties shall make all reasonable attempts to mitigate loss, each Party /Party (“the Indemnifying Party”) shall be liable for and indemnify the others against any expense, liability, loss, claim or proceeding whatsoever arising under any statute or at common law in respect of personal injury to or death of any person whomsoever arising out of or in the course of or caused by any act or omission of that Indemnifying Party in respect of its role in the activities of the Board and/or under this Agreement and /or where acting as Lead Authority .
- 16.2 Whilst the Parties / Parties shall make all reasonable attempts to mitigate loss, each Party / Party (“the Indemnifying Party”) shall be liable for and shall indemnify the others against any reasonable expense, liability, loss, claim or proceeding in respect of any injury or damage whatsoever to any property real or personal in so far as such injury or damage arises out of or in the course of or is caused by any act or omission of that Indemnifying Party in respect of its role in the activities of the Board and/or under this Agreement and/or where acting as Lead Authority .
- 16.3 Whilst the Parties / Parties shall make all reasonable attempts to mitigate loss, each Party / Party (“the Indemnifying Party”) shall indemnify the others in respect of any reasonable loss caused to each of the other Parties / Parties as a direct result of that Indemnifying Party’s negligence, wilful default or fraud or that of any of the Indemnifying Party’s employees in respect of its role in the activities of the Board and/or under this Agreement and/or where acting as Lead Authority.
- 16.4 Where a Party is appointed the Lead Authority under the terms of clause 12 of this Agreement, the other Parties shall each indemnify the Lead Authority on pro rata basis according to the proportions of their respective financial commitments as set out in Clause 10 of this Agreement with the intent that the Lead Authority shall itself be responsible for its own pro-rata share.

17. Review

This Agreement may be reviewed at any time by agreement between the Parties.

18. Variations

This Agreement may at any time be varied or amended by the Monitoring Officer where the amendment is minor and has been agreed by all the Parties in writing in advance. Otherwise, this Agreement may at any time be varied or amended by a deed executed by all the Parties.

19. Insurance and Indemnification

Each of the Parties shall ensure that they have a sufficient policy of insurance of any work that they undertake on behalf of the LTB under this agreement and for a period of six years after termination of this Agreement.

20. Severability

If any term, condition or provision contained in this agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remaining parts of this agreement.

21. Publicity

The Parties recognise their respective public reputations and legal responsibilities. Each Party shall use all reasonable endeavours not to harm or compromise these.

22. Waiver

No term or provision of this Agreement shall be considered as waived by any of the Parties to this Agreement unless a waiver is given in writing by that Party to all other Parties to this Agreement.

23. Notice

Any notice, demand or other communication required to be served under this Agreement shall be sufficiently served if delivered personally to or sent by pre-paid first class recorded delivery post or facsimile transmission to the addresses set out in Clause 3 and if so sent shall, subject to proof to the contrary, be deemed to have been received by the addressee at the time of personal delivery or on the second working day after the date of posting or unsuccessful transmission as the case may be. Anything served personally or transmitted which is received at the recipient's premises on a day when it would not in the ordinary course of its business have been open for business shall be deemed to have been received on the next following day when it is open in the ordinary course of business or would have been if it had not ceased to conduct business.

24. Governing Law

This Agreement shall be governed by and construed in accordance with English Law and the Parties hereby submit to the exclusive jurisdiction of the English Courts.

25. Counterparts

This agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument.

26. Exercise of statutory authority

Without prejudice to this agreement, nothing in this agreement shall be construed as a fetter or restriction on the exercise by any of the parties of their statutory functions.

27. Exclusion of Third Party Rights

Save to the extent as expressly provided for in this Agreement no person not a Party to this Agreement shall have any right to enforce any term of this Agreement and the provisions of the Contracts (Rights of Third Parties) 1999 shall not apply to this Agreement

28. Survival of Clauses

The following clauses shall survive the expiry or termination of this Agreement

- Clause 4 (Definitions)
- Clause 5 (Interpretation)
- Clause 6 and Appendix 4 (Principles and Key Objectives)
- Clause 9 (Legal, Governance and Financial Administration Issues)
- Clause 10 (Financial Commitment of the Parties)
- Clause 14 (Intellectual Property)
- Clause 15 (Data Protection, Freedom of Information, Information Sharing and Confidentiality)
- Clause 19 (Insurance and Indemnification)
- Clause 23 (Notice)
- Clause 28 (Survival of Clauses)

29. No Partnership at Law

As public bodies, the Parties do not enter into this Agreement with any view of profit. The use of the terms “partners” and “partnership” in this Agreement merely denotes the intention of the Parties to work within local government legislation in a common way to achieve shared objectives, and should not be taken as an indication of any legal partnership for the purposes of the Partnership Act 1890.

**THE COMMON SEAL OF THE PARTIES IS
HEREUNDER AFFIXED IN THE PRESENCE OF:**

Authorised Signatory _____
Hampshire County Council

Authorised Signatory _____
Isle of Wight Council

Authorised Signatory
Portsmouth City Council

Authorised Signatory
Southampton City Council

Authorised Signatory _____

Solent Local Enterprise Partnership Limited

APPENDIX 1: PRIORITISATION METHODOLOGY

Proposals prioritised for devolved local major transport scheme funding by the Solent LTB will be for worthwhile transport schemes that meet local priorities and national objectives and accord with the Solent LTB eligibility criteria.

A transport scheme is defined as a scheme that responds to a current and/ or forecast future transport problem or problems on one of more of the highway, public transport, walking and cycling networks or a future part of one or more of those networks.

In respect of proposals on the strategic road or rail networks, Transport for South Hampshire will ensure that the Highways Agency and Network Rail are fully sighted on schemes that are to be considered for funding so that their views on deliverability and impact on the wider strategic and rail networks can be considered and taken into account in the initial prioritisation exercise. In cases where schemes have any impact on train and bus services the views of train operating companies, DfT (rail) and bus operators will be sought.

Scheme Eligibility Criteria

Independent schemes as well as package proposals will be considered for funding, subject to the proposal:

- a. being included (or will be included) within the TDP;
- b. having a clearly defined scope;
- c. comprising a 100% capital funding request;
- d. be supported by a local contribution (public and/ or private and revenue and/ or capital) of at least 25% of the overall project cost. This 25% local contribution can be applied after 2019 (*with higher local contributions viewed more favourably in scheme prioritisation*);
- e. having a capital cost of £2,000,000 or above;
- f. supporting the generation of employment growth (*with higher employment growth viewed more favourably in scheme prioritisation*);
- g. being expected to deliver 'high' value for money; and
- h. being deliverable within the period 2015-19.
- i. being supported by the Local Transport Authority whose area within which the proposal would be delivered.

LTB funds may be awarded as a loan for schemes that meet the LTB scheme eligibility criteria. Schemes applying for a loan will be assessed on the same basis as other schemes. Loans must be repayed to the accountable body acting on behalf of the LTB in accordance with the agreed terms of the loan.

LTB funds may be awarded to projects where transport is just one component of a wider project. However, in these circumstances, LTB funds must be ring-fenced to fund the transport component either in part or in full.

Prioritisation Methodology

The Solent LTB will only consider proposals for devolved local major transport scheme funding that are included within the TfSHIOW Transport Delivery Plan (TDP). The schemes within the TDP (or that are subsequently added to the TDP) are identified following a processes that is consistent with DfT WebTAG advice. The process is explained in section 3 of the Transport Delivery Plan.

The schemes identified in the TDP aim to realise one or more of five Outcomes identified following a review of relevant local and national policy and priorities, and have been validated through local consultation. The Outcomes are presented below:

Core Outcomes	
O1	Strengthened international gateways in, fulfilling their role in supporting the local and national economy.
O2	Delivering planned housing and employment growth in existing economic centres first.
O3	The transport sector contributing to the area achieving its commitment to reduce greenhouse gas emissions (especially Carbon).
Supporting Outcomes	
O4	Reduced social disparities, supporting cohesive and inclusive communities and improving the quality of life for residents.
O5	Delivering continuous economic growth through the implementation of the strategic and major development areas in the region that will ultimately deliver the housing and employment targets.

The Outcomes provide the context within which a WebTAG consistent Land-use and Transport model –the Sub-Regional Transport Model (SRTM) – has been used to model the current and forecast future transport situation, providing a consistence evidence base and appraisal basis for all schemes. A summary of the SRTM is provided in Appendix 6. This identified the transport constraints (or barriers) to achieving the above Outcomes, which in turn generate objectives that direct transport solutions. This process ensures that schemes identified respond to evidenced problems. The objectives for the TDP are:

• Enable higher levels of economic growth by improving local employment opportunities, deepening the labour market and therefore increasing productivity
• Enhance business performance particularly at the international gateways, by increasing the efficiency of the transport network and managing congestion
• Improve sustainable access linking people to jobs and key facilities in our cities and towns and improving the opportunities for education and training.
• Reduce unemployment in areas of high deprivation through improved sustainable access to employment centres
• Reduce emissions (particularly carbon) from the transport sector by reducing highway vehicle kilometres

The schemes contained within the TDP have been sifted from an initial list of circa 400 schemes and provide a set of schemes that accord with local priorities and national objectives, offer value for money and are deliverable.

For LTB prioritisation, the Department for Transport (DfT) Early Assessment and Sifting Tool (EAST) will be used to summarise and present evidence on options in a clear and consistent format. A local augmentation to EAST will be a requirement on promoters to identify the number of direct and indirect jobs that would be expected to be created as a consequence of scheme delivery.

The prioritisation process to be followed by the Solent LTB is set out in the six steps, below:

- Step 1:** Using the TDP as a base, promoters select those schemes that they wish to propose for devolved local major transport scheme funding. This will ensure commitment from the delivery body.
- Step 2:** Each scheme promoter completes a short *Expression of Interest* (EoI) including an EAST form that provides an opportunity to 'sell' the case for a transport scheme or package of schemes.
- Step 3:** LTB Member workshop to review the applications, agree on a prioritised list of schemes and award programme entry (subject to the later submission of a Transport Business Case and WebTAG assessment). This step will invite promoters to present their proposals and answer questions, provide supplementary information and a final chance to 'sell' their scheme.
- Step 4:** Report presented to a meeting of the LTB providing details of all EoIs and recommendations for prioritisation, programme entry, and phasing. At this step, there will be an opportunity for non-LTB members to challenge/ support proposed decisions.
- Step 5:** Prioritised list ratified at a meeting of the LTB.
- Step 6:** Results of prioritisation published on the Solent LTB website and notified to DfT.

The prioritisation methodology, expressions of interest and decisions will be published on the Solent LTB website.

APPENDIX 2: PROGRAMME MANAGEMENT AND INVESTMENT DECISIONS METHODOLOGY

Scheme Assessment and Approval

Scheme promoters will be responsible for developing and funding a transport business case and WebTAG assessment for their scheme(s).

TfSHIOW will provide the secretariat for the LTB.

TfSHIOW will be responsible for assessing business cases, with all decisions on prioritisation and award of funding taken by the Solent LTB.

Independent scrutiny of business cases will be provided by suitably qualified experts, who will provide advice to the TfSHIOW Project Manager. The TfSHIOW Project Manager will have overall responsibility for business case scrutiny and recommendations to the Solent LTB

A clear distinction and adequate separation between the scheme promoters and the decision-makers will be achieved through:

- a rigorous and objective scheme identification process
- a consistent, open and transparent prioritisation process
- opportunity for challenge through open forum
- Independent value for money statement following scrutiny of business case and WebTAG assessment
- Review of decision-making by an Investment Panel

Prioritisation will represent programme entry, and provide promoters with the necessary expectation of funding to enable promoters to embark on statutory processes (subject to submission of a full transport business case and WebTAG assessment).

The Transport Business Case

Following programme entry each promoter will agree with TfSHIOW the study approach. This will be formalised in an Outline Business Case which will be independently scrutinised. This scrutiny will form the basis of a recommendation to the Solent LTB on whether a scheme may progress to develop a Full Business case. Only in exceptional circumstances is it expected that a scheme would not progress to Full Business Case.

All scheme proposals submitted by promoters must follow the key principles of the Transport Business Case guidance available on DfT's website.¹ 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. Central case assessments must be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). Alternative planning assumptions as sensitivity tests may be considered when making a decision about whether to approve a scheme.

Schemes will only be approved that offer at least "high" value for money, as assessed using DfT guidance. In exceptional circumstances a scheme that offers less than "high" value for money may be considered where its delivery will unlock new economic growth and / or employment growth to the area.

¹ <http://www.dft.gov.uk/publications/transport-business-case>

Each scheme will be supported by a value for money statement in line with published DfT WebTAG guidance. This will independently scrutinised and advice provided to the TfSHIOW Project Manager, who will be responsible for signing off VfM assessments as true and accurate.

Funding will not be committed irreversibly before scrutiny and approval of the Full Business Case, within which evidence of the guaranteed delivery of the scheme (legal powers in place) and full costs must be provided.

Promoters will be expected to submit a monitoring and evaluation framework with the business case submission. Promoters will be responsible for undertaking monitoring and evaluation and will report results back to the Solent LTB.

The Post-Prioritisation Investment Decision-Making Process is set out in steps 7-14, below:

- Step 7:** Promoters of schemes prioritised for funding develop an Outline Transport Business Case and WebTAG assessment
- Step 8:** Study approach agreed and invitation to develop a Full Business Case formalised
- Step 9:** Full Transport Business Case developed with WebTAG assessment undertaken by scheme promoter
- Step 10:** Independent scrutiny of the Business Case for each scheme, with a Value for Money Statement provided on each scheme
- Step 11:** Publication of Business cases on the TfSHIOW website
- Step 12:** Three month consultation period
- Step 13:** LTB make a final decision on funding, based on a review of the Business Case, the independent scrutiny, and consultation responses
- Step 14:** Confirmation of funding award

The prioritisation and Investment Decision Process is set out below:

Phase 1	Investment Decision Point	Phase 2	Investment Decision Point	Phase 3	Investment Decision Point
Expression of Interest	<ul style="list-style-type: none"> • Prioritisation • Programme Entry 	Outline Business Case	<ul style="list-style-type: none"> • Agree study approach 	Full Business Case (<i>Inc. WebTAG assessment and value for money statement</i>).	<ul style="list-style-type: none"> • Full funding approval

All decision-making steps will be undertaken at a meeting of the Solent LTB.

Release of Funding, Cost Control and Approval Conditions

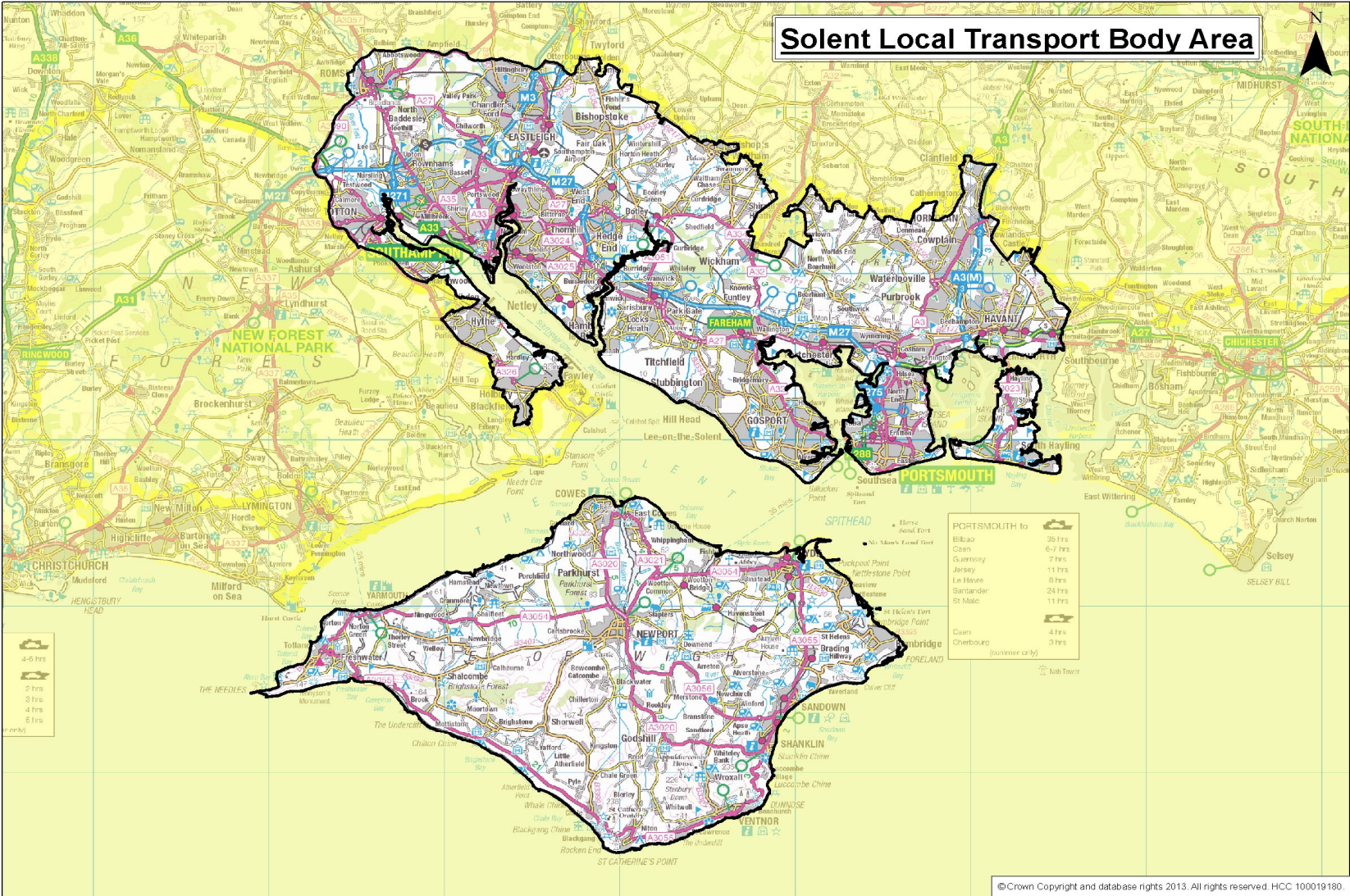
The award of funding by the LTB will be capped, with the delivery body responsible for all cost increases. The Local Authority s151 officer of the delivery body must provide assurance that the local contributions will be provided and accept liability for all cost increases. This will also confirm that the awarded LTB funding will only be used for the scheme for which it was awarded and that all reasonable efforts to control costs will be made.

Claims for LTB funds for approved projects will be made in arrears.

Programme and Risk Management

TfSHIOW will have responsibility for overall programme management (including risk control) on behalf of the Solent LTB. A statement on management of programme risk will be developed by TfSHIOW for approval by the Solent LTB.

APPENDIX 3: LTB AREA MAP



APPENDIX 4: KEY OBJECTIVES OF THE LOCAL TRANSPORT BODY

The Objectives of the Local Transport Body shall be:

To decide which investments should be prioritised, to review and approve individual business cases for those investments, and to ensure effective delivery of the programme.

APPENDIX 5: GOVERNANCE

TERMS OF REFERENCE FOR THE LTB BOARD

GENERAL

- a. This is a Board of the Parties.
- b. The Parties have agreed that the Board shall operate as if it were a Committee established under the Local Government Act 1972 in the interests of openness, accountability and transparency, and the access to information regime applicable to such a committee shall apply accordingly to the Board.
- c. Certain functions, tasks or activities may be delegated by the Board within their terms of reference to officers of the Parties (in so far as the law allows).
- d. Where a function or matter within the Board's competence has been delegated, the Board may exercise that function / matter concurrently with the officer to whom it has been delegated.

TERMS OF REFERENCE FOR THE LTB BOARD

GENERAL

- a. This is the Solent Local Transport Body Board, a voluntary partnership of the Parties.
- b. The Parties have agreed to form a Local Transport Body Board which shall meet to decide which investments should be prioritised, to review and approve individual business cases for those investments, and to ensure effective delivery of the programme.

TERMS OF REFERENCE

- a. To be responsible for ensuring value for money is achieved
- b. To identify a prioritised list of investments within the available budget in accordance with the Prioritisation Methodology set out in Appendix 1 which may be amended from time to time by the LTB and which shall be published on the LTB web pages
- c. To make decisions on individual scheme approval, investment decision making and release of funding, including scrutiny of individual scheme business cases in accordance with the methodology set out in Appendix 2 which may be amended from time to time by the LTB and which shall be published on the LTB web pages
- d. To monitor progress of scheme delivery and spend
- e. To actively manage the devolved budget and programme to respond to changed circumstance [scheme slippage, scheme alteration, cost increases etc]
- f. To formally:
 - I. Determine the initial decision on the composition of the scheme programme; and
 - II. To make individual scheme investment decisions

TERMS OF REFERENCE FOR THE WORKING GROUPS

GENERAL

These Working Groups are informal bodies and without statutory powers or authority save as directly delegated to individual officers by their authority / the Board/LTB.

SPECIFIC TERMS OF REFERENCE OF THE WORKING GROUPS

- a. Responsibility for ensuring value for money is achieved
- b. Identifying a prioritised list of investments within the available budget
- c. Making decisions on individual scheme approvals, investment decision making and release of funding, including scrutiny of individual scheme business cases
- d. Monitoring progress of scheme delivery and spend
- e. Actively managing the devolved major schemes budget and programme to respond to changed circumstances

GENERAL TERMS OF REFERENCE FOR ALL WORKING GROUPS

- a. To provide advice and guidance to the Senior Management Board and Board/LTB within the specific terms of reference of each Working Group
- b. To monitor and review the budget, governance, financial compliance matters and issues where appropriate.
- c. To monitor the action plan and delivery
- d. As delegated by the Board / LTB / to be responsible for operational decision making & the day-to-day management of projects and activities carried out in the name of or on behalf of TfSHIOW

APPENDIX 6: MEMBERSHIP

Board:

- One Executive Member of each of the partner local authorities leading on the respective issues within the Terms of Reference of the Board or exceptionally in the absence of that person, the Leader of the relevant partner local authority or another Executive Member of that local authority appointed by the Leader to attend the meeting as a Board member.
- A representative(s) of the Solent LEP appointed by the Solent LEP.

Note: *Only 1 vote per organisation*

Associate Members:

- An Executive Member from the relevant district councils. Namely:
 - Havant
 - Fareham
 - Eastleigh
 - Gosport
 - New Forest
 - East Hampshire
 - Test Valley
 - Winchester
- DfT, the Highways Agency and Network Rail
- The relevant transport operators and/or stakeholders

APPENDIX 7: SUMMARY OF THE SUB-REGIONAL TRANSPORT MODEL

This section provides a summary of the model used to support the Economic Case, as requested in the LSTF Supplementary Guidance. Full details are included in the Model Validation Report which are available from.

The Transport for South Hampshire Sub-regional Transport Model (SRTM) modelling suite is an evidence-based land-use and transport interaction model developed to provide a strong analytical basis for the development of coherent, objective-led implementation plans to enable the changes in transport provision required to deliver prosperity to the area.

The integrated forecasting approach contains a suite of transport models and an associated Local Economic Impact Model (LEIM). The toolkit has been developed to assist in the ongoing investigation, appraisal and assessment of different: policies; strategies; and infrastructure, management and operational interventions on land-use policies and transport provision.

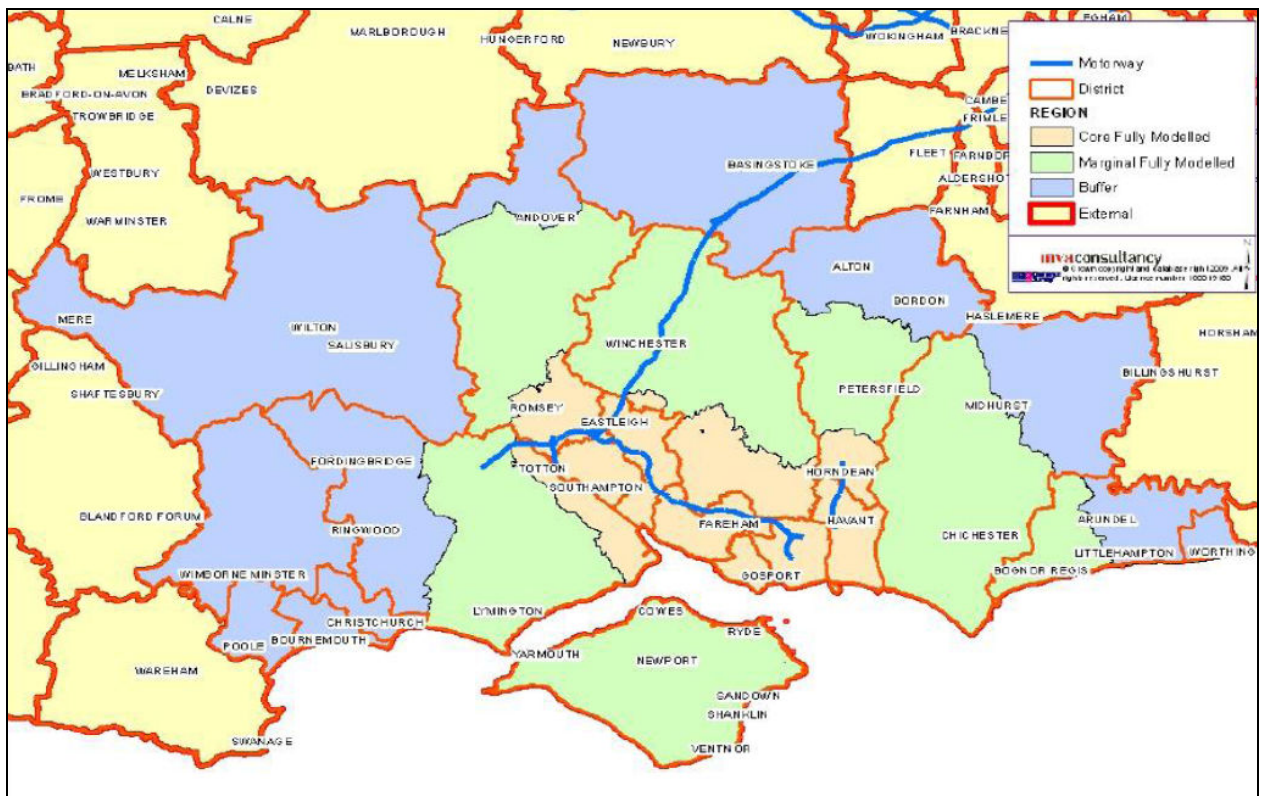


Figure 1: SRTM Modelled Area Definitions

The main TfSHIOW area (shown in orange in the figure above) contains the detailed network models, and this area, combined with the surrounding area (shown in green), is covered by LEIM.

The Local Economic Impact Model forecasts:

- The supply of housing
- The number of households by type
- The population by person types
- The number of jobs by sector
- The amount of commercial floorspace

The forecasts are produced for each year of the forecast period (2011 – 2041), and are affected by a range of factors, including, importantly, the performance of the transport network which is input for the years 2014, 2019, 20126 and 2036.

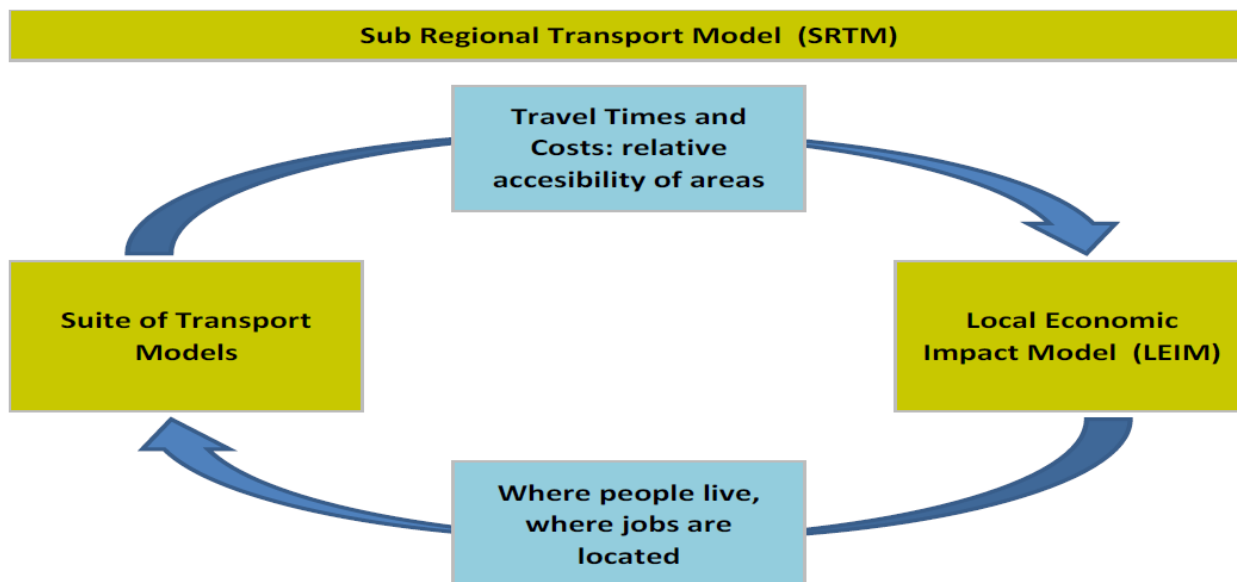


Figure 2: SRTM Transport and Land Use Mode interaction

The changes in the supply of housing and employment floorspace are controlled in line with local planning policies and national figures in TEMPRO 6.2. Planning assumptions on permissible development were collected from the relevant local planning authorities and they cover the period up to 2026. For the period beyond 2026 LEIM assumes a greater intensification of use at existing sites only.

The overall growth of South Hampshire can be allowed to vary within constraints set by the TEMPRO data at a sector level, to test the impact of transport and planning policies, or it can be fixed to test the consequences of higher or lower levels of growth.

The outputs of the LEIM are used by the transport models to predict the demand for travel to and from areas within South Hampshire and these can be compared to assess the land-use/economic impacts of different planning and transport policies. The models are set up for a base year of 2010 with forecast scenarios for 2014, 2019, 2026 & 2036. The transport models represent travel conditions for the morning and evening peak periods and the inter-peak period. They estimate the changing patterns of travel separately for travellers undertaking journeys for different purposes (e.g. for commuting or for education-related journeys) and for light and heavy goods vehicles).

The suite of transport models comprises the Main Demand Model (MDM), the Gateway Demand Model (GDM), Road Traffic Model (RTM) and Public Transport Model (PTM). *Figure.3* shows the interaction of the various models within the SRTM.

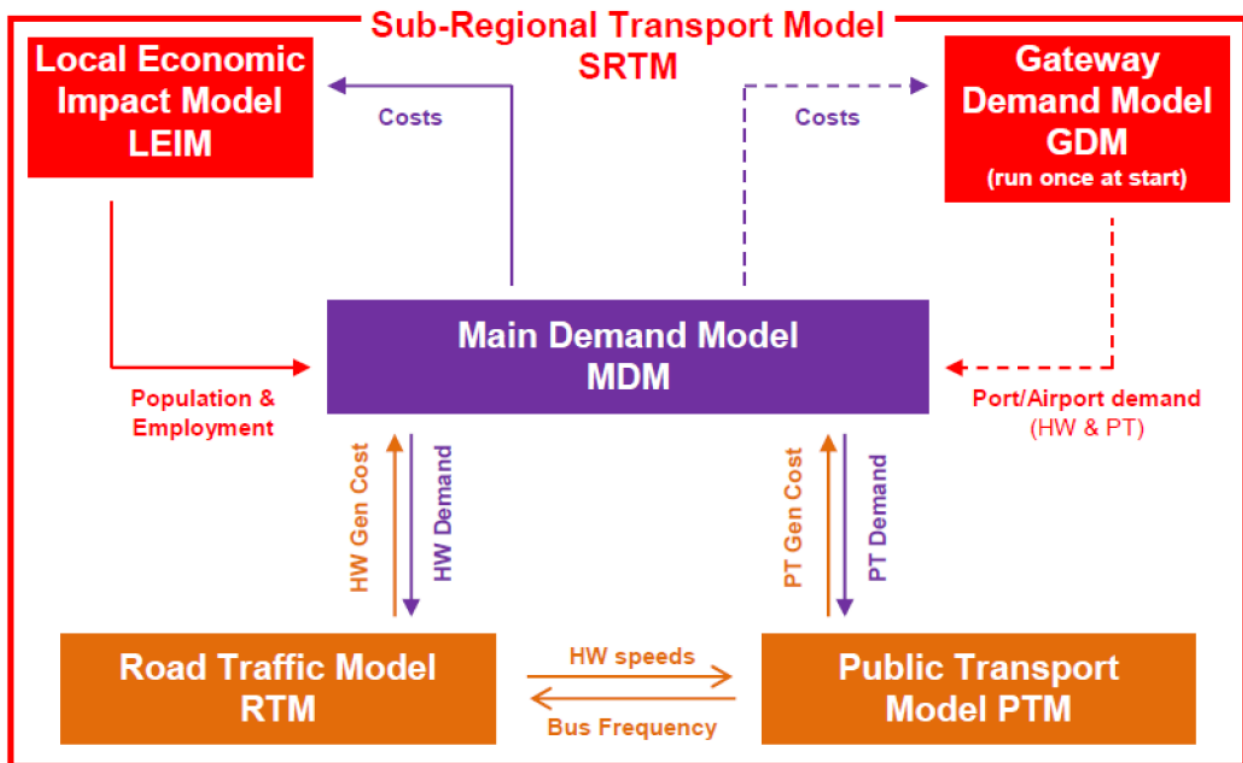


Figure 3: Interaction of models within the SRTM

One notable aspect of the MDM is that it uses tours to define journeys throughout the day rather than the usual trips (one tour would be the journey to work in the morning and back again in the evening; this would be two separate and unlinked trips in other models). A full description of SRTM and LEIM is available from <http://www3.hants.gov.uk/TfSHIOWh/TfSHIOWh-what-TfSHIOW-does/TfSHIOW-projects-evidence-base.htm>.

How the reference cases are derived and what they tell us (spread and quantum of development)

For each forecast year a set of tests was undertaken:

- Base Case - LEIM forecasts of travel demand using base year transport costs
- Reference Case – LEIM forecasts of travel demand using that year’s transport costs incorporating only committed schemes

The Reference Case forecasts of population and employment are lower than the Base Case projections due to the constraints generated by the inefficiencies of the transport network i.e. overall costs of travel (time and money) will be higher. The aim of the interventions in the LSTF bid, and also the LTSIP, is to increase the levels of development, especially employment, back up to the Base Case levels by removing many of the barriers and constraints evident in the reference case. The impacts of these interventions are discussed in the following sections of this Economic Case.