

**DEVOLVING TRANSPORT MAJOR SCHEME FUNDING**

**LIVERPOOL CITY REGION ASSURANCE FRAMEWORK**

**DRAFT - January 2013**

**1. Introduction**

- 1.1 The Liverpool City Region (LCR) welcomes DfT's devolution of funds for transport major schemes in the next spending review period. The newly established Liverpool City Region Local Transport Body (LTB) is pleased to set out its proposals in this assurance framework. This outlines the city region's governance arrangements in respect of major scheme funds, together with its management and decision-making arrangements.
- 1.2 The LCR is committed to maximising the opportunities afforded by the devolution of major transport schemes. Indeed, this issue formed a key 'ask' of government in the recent Liverpool City Region Deal, agreed with the Cabinet Office in the summer of 2012.
- 1.3 The LCR has developed its proposals around the governance of the devolution process via the Liverpool City Region Cabinet (involving all city region local authorities), the Liverpool City Region Local Enterprise Partnership and the Merseyside Integrated Transport Authority. The approach has thus been inclusive and co-ordinated.
- 1.4 This assurance framework and the governance arrangements set out within it have been considered and approved by the following bodies:-

<b>Organisation</b>	<b>Approval date</b>
The LCR Local Enterprise Partnership	xxx
The Liverpool City Region Cabinet	xxx
The Merseyside Integrated Transport Authority	xxx
Shadow Liverpool City Region Local Transport Body	xxx

- 1.5 The assurance framework reflects the Department for Transport's guidelines and recommendations and is commended to officials and to Ministers.

## 2. The Local Transport Body

- 2.1 The Local Transport Body (LTB) will be known as the Liverpool City Region Local Transport Body. Its Terms of Reference are set out within Appendix 2.
- 2.2 The LTB will cover the established Liverpool City Region geography, which is coterminous with the established boundaries of the LCR Local Enterprise Partnership and the Liverpool City Region Cabinet. This area consists of the local authority areas of Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral. It also includes Merseytravel, which is the operating name for the Merseyside Integrated Transport Authority (ITA) and Passenger Transport Executive (PTE).
- 2.3 The LTB will consist of 8 voting members as shown in the table below:-

<b>Member</b>	<b>Status</b>	<b>Role on LTB</b>	<b>Number of votes</b>
Chair of Merseyside Integrated Transport Authority *	Elected member	Chair + Voting member	1 + casting vote
Leader of Halton BC *	Elected member	Voting member	1
Leader of Knowsley MBC *	Elected member	Voting member	1
Mayor of Liverpool *	Elected Mayor	Voting member	1
Leader of St Helens MBC *	Elected member	Voting member	1
Leader of Sefton MBC *	Elected member	Voting member	1
Leader of Wirral MBC *	Elected member	Voting member	1
Chair of Liverpool Local Enterprise Partnership *	Private sector representative	Voting member	1

*\* or named alternate*

- 2.4 The LTB will take the form of an informal partnership, operating on behalf of all Liverpool City Region partners as an executive decision-making body. Its members have been appointed by its constituent organisations. It has a democratic majority, as seven of its eight members are senior elected members drawn from the local authorities and from the Integrated Transport Authority. The Chair of the LEP will ensure full representation and voting rights from the private sector.
- 2.5 The LTB will be chaired by the Chair of the Merseyside Integrated Transport Authority, and a Vice Chair will also be appointed at the LTB's inaugural meeting. Each member of the local transport body will have equal status in terms of voting rights, though the Chair will carry the casting vote in cases where votes are locked. There shall be no other formal classes of membership. However, as all meetings will be held in public

(see section xxxxx below) all meetings may be attended by any member of public, by the press, by government bodies, adjoining local authorities, transport operators, NGOs, other stakeholders or expert witnesses. Any member of the public will be entitled to table a question in advance and speak at a meeting of the LTB at the Chair's discretion.

- 2.6 All members sitting on the LTB shall appoint a single, named alternate, who will enjoy the same status as the principal representative. The Vice Chair will enjoy the right to a casting vote in the Chair's absence.
- 2.7 The Terms of Reference and membership of the LTB will be reviewed in April of each year. This will provide an opportunity for the remit of the LTB to be amended and for membership of the LTB to be reviewed. The Chair and Vice Chair will also be appointed for the coming year, though the existing Chair and Vice Chair may stand for re-election. All decisions will be subject to majority agreement by the LTB.
- 2.8 Leaders of the local authorities sitting on the LTB will be supported by their transport or regeneration portfolio members who will advise on relevant issues, processes and recommendations. Portfolio members may attend all meetings of the LTB and make representations at the Chair's discretion, but voting rights will remain vested with the Leader or with the named alternate.
- 2.9 The LTB will be supported by a wider stakeholder group which will provide input into all relevant processes, such as the identification of candidate schemes, the prioritisation process and on detailed scheme business cases. This group will include representation from private sector transport operators, from local interest groups, local authority portfolio members, and from government agencies / partners such as the Highways Agency and Network Rail.
- 2.10 This group will principally exist in a "virtual" capacity, and will be consulted on specific issues as outlined above. In addition, members will receive electronic copies of all LTB agendas and papers in advance of each meeting, providing an opportunity for comments or queries to be raised with officials or directly with members of the LTB.
- 2.11 Representatives from the Highways Agency and Network rail will be closely engaged by scheme promoters from the outset, recognising the need for schemes affecting the rail or trunk road network to fit clearly with the statutory processes governing these networks. It will also be essential to assess scheme deliverability as part of the prioritisation process. As such,

officials from the Highways Agency and Network Rail may also be invited to join the Transport Advisory Group (see section xxxxx), to ensure that the implications of emerging proposals or schemes are fully understood by officers and by the LTB.

- 2.12 The structure chart, showing how the LTB interacts with scheme promoters and with its advisory structures is set out within Appendix 3.

3. **Managing conflicts of interest and propriety**

- 3.1 Members of the local transport body serve to take strategic, objective decisions on the use of devolved funding on behalf of the Liverpool City Region. They do not serve to promote the schemes of their constituent district or organisation.
- 3.2 Where members of the local transport body would consider individual issues or schemes that directly affect their organisation or local authority, then this shall be declared at the start of the meeting. Providing that there is no pecuniary interest, such members may attend and make representations upon the issue or scheme and also vote. In the event that the Chair of the LTB has a similar interest in a specific scheme, then they will be entitled to make representations and vote, but the role of Chair shall be taken by Vice Chair in such an event.
- 3.3 Where members have a direct financial interest in a scheme, through employment or personal gain (including any interest as a result of close personal relationships/friendships), this shall be declared and the member shall abstain from discussing and voting on the item.
- 3.4 Merseytravel, as the accountable body for the LTB, will maintain a register of personal interests of all decision making members, which will be based on existing conventions. This will be available to the public via its website. All meetings of the LTB shall commence with a standing item in relation to declarations of interest.
- 3.5 All reports presented to the LTB will be authored by the Chair of the Transport Advisory Group, who will have responsibility for ensuring that objective, professional advice is presented to the LTB on the merits (or otherwise) of schemes. This officer shall act in the interests of the LTB as a whole and will draw on external, impartial support or advice as required, particularly when reviewing detailed business cases. In cases where this officer would be required to consider a business case developed by their constituent organisation, then they shall take no part in the process. Responsibility for advising the LTB in such cases

will then rest with the Vice Chair of the Transport Advisory Group.

4. **Gifts and hospitality**

4.1 The LTB will be governed by Merseytravel's policies in relation to registers of interest. The acceptance and declaration of gifts and hospitality shall be subject to its policies. Merseytravel will maintain all appropriate records and this information will be available on its website.

5. **The status and role of the accountable body**

5.1 The accountable body for the LTB will be Merseytravel, which is a public body and thus subject to established local authority practices and procedures.

5.2 As the accountable body, Merseytravel will:-

- ensure that the decisions and activities of the LTB conform with legal requirements with regard to equalities, environmental and EU issues.
- ensure through its Director of Finance (the Section 151 Officer) that the funds are used appropriately and exclusively for the intended purpose
- ensure that the LTB's approved assurance framework is being adhered to.
- maintain the official record of LTB proceedings and holding all LTB documents, via its Legal and Administration Department
- take responsibility for the decisions of the LTB in approving schemes if subjected to e.g. Freedom of Information requests or legal challenge
- hold the devolved funds on behalf of the city region.

5.3 Merseytravel will provide full secretarial services to the LTB, including the management of meetings, the distribution of minutes and papers and providing minutes of meetings. The LTB will be managed in the same way as a regular committee of the Integrated Transport Authority, with minutes, papers and key decisions freely available on its website and on an email list to all members of the wider stakeholder group.

5.4 All meetings of the local transport body will be held in public at fully accessible venues, usually at Merseytravel's city centre headquarters. All agendas, papers and minutes will be in the public domain and accessible via the established modern.gov web-based system. Papers will be made available at least 5 working days in advance of a meeting, in accordance with established local authority guidelines.

5.6 Merseytravel will hold the devolved major scheme funding and make payments to delivery bodies and to itself, where appropriate. The funds will be accounted for in such a way that they will be separately identifiable, with a separate cost centre. Financial statements will be routinely provided to the LTB on scheme costs and on the profiling of spend. Merseytravel will ensure that local agreements with scheme promoters ensure that the funds can be used only in accordance with an LTB decision. Any inappropriate use of the funds shall render scheme promoters liable to the clawback of funds in whole or in part.

5.7 A legal agreement, based on the principles set out within this assurance framework, will be developed between the accountable body and each of the constituent authorities who are represented on the LTB ahead of xxxxxxxxxx. This will define the purpose of the local transport body, its role and the specific purposes for which devolved major schemes funds may be used. This will also make clear the defined purposes for which devolved major scheme funding may be utilised, the role of Merseytravel as accountable body and the fallback position whereby funds may be withheld or clawed back if they are mismanaged in any way.

## 6. **Audit and scrutiny**

6.1 The Local Transport Body will arrange an annual, external audit by a qualified external auditor, and submit these annually to the DfT. These audits will be arranged and procured by Merseytravel as the LTB's accountable body. An audit will be undertaken and submitted to DfT between February 2012 and the start of the devolved funding period, and thereafter on an annual basis in March.

6.2 Further scrutiny will also be built into the LTB's decision-making and approvals process through:-

- (a) the involvement of professional officers in the prioritisation and appraisal process via the Transport Advisory Group, which will commission independent support and advice on prioritisation and on scheme business cases;
- (b) the involvement of portfolio members from the district councils as advisors to their Leaders on proposals, salient issues and on key recommendations;
- (c) through the existence of the wider advisory group; and
- (d) through the convention that all methodologies, prioritised lists and scheme details and funding approvals are made

publicly available on the accountable body's website (and longer-term, on a dedicated website).

- 6.3 As the devolved funds will be held and managed by Merseytravel, then by virtue of being a public body, they will be subject to additional internal financial management and scrutiny arrangements.

## **7. Strategic Objectives and Purpose**

- 7.1 The principal purpose of the local transport body is to perform the following roles in relation to devolved major scheme funding:-
- Identifying a prioritised list of investments within the available budget
  - Making decisions on individual scheme approval, investment decision making and release of funding, including scrutiny of individual scheme business cases
  - Monitoring progress of scheme delivery and spend
  - Actively managing the devolved budget and programme to respond to changed circumstance [scheme slippage, scheme alteration, cost increases etc]
  - Responsibility for ensuring value for money is achieved within the available budget
- 7.2 The LTB may agree, by majority decision, to widen the scope of future agendas to take on wider advisory roles, e.g. providing advice on a specific transport policy issues, input to consultation responses, the development of evidence to select committees, input to wider funding streams or any new requirements stemming from central government. Any changes to the scope of the LTB shall thereafter be reflected and formally agreed as part of the annual revision of the Terms of Reference.
- 7.3 The principles that apply to members of the LTB in relation to the devolution of major transport funding (e.g. declarations of interest and gifts and hospitality) shall apply equally to the LTB acting in a wider advisory capacity.

## **8. Support and administration arrangements**

- 8.1 The local transport body will be supported at a professional officer level by the Transport Advisory Group. This group is made up of Director and Assistant-level transport officers from each of the city region local authorities, from the LEP and from Merseytravel. This officer group also has experience of the major schemes regime. This body will have responsibility for

providing professional advice to the local transport body to allow it to fulfil its functions.

- 8.2 The Advisory Group will support the development of agendas and technical papers for the LTB, in conjunction with the lead Chief Executives on transport issues for the Liverpool City Region. The Chair of the Transport Advisory Group will be the principal contact point for the Local Transport Body, and will act as the link between the Transport Advisory Group and the Chair of the LTB. This officer will be responsible for authoring and presenting reports to the Local Transport Body.
- 8.3 The Transport Advisory Group has agreed to commission a WebTAG compliant economic appraisal toolkit to support the testing of candidate schemes at the prioritisation and the more detailed business case stages. This toolkit has the capability of being operated in tandem with an established Liverpool City Region Transport Model, thus providing an evidence base to support objective decision-making.
- 8.4 The Transport Advisory Group is also overseeing the development of a transparent and robust prioritisation methodology to appraise candidate schemes, discussed in further detail in section xxxxx. Merseytravel, as the LTB's accountable body will secure resources to commission external and impartial consultancy support to assist with the process of scoring candidate schemes, to ensure that the prioritisation process is transparent and objective.
- 8.5 In addition, a total of £400k has been safeguarded in 2013/14 and in 2014/15 to enable the LTB to commission technical support with the evaluation of individual scheme business cases that arise from the prioritisation process.

## 9. **Working Arrangements and Meeting Frequency**

- 9.1 The LTB shall agree an annual schedule of meetings. However, the Chair may also convene additional meetings of the LTB, in consultation with other members, providing that at least 14 days' notice ahead of the proposed date is given. In the event that a scheduled meeting is not deemed necessary, then the Chair may agree to cancel or reschedule that meeting at least 14 days ahead of its scheduled date, providing that all members of the LTB have been consulted in advance of notice being given of the intention to cancel the meeting.
- 9.2 A meeting of the LTB shall be required in order to consider an individual business case and to make a funding decision in respect of a scheme.



9.3 In preparation for the July 2013 scheme prioritisation deadline, a minimum of three meetings of the LTB shall be convened, (either in shadow form, or as a formally constituted body) each with the specific purpose of:-

9.3.1 establishing the LTB, agreeing the position of Chair and Vice Chair and agreeing its Terms of Reference,

9.3.2 signing-off this assurance framework and agreeing the draft scheme prioritisation methodology; and

9.3.3 agreeing a prioritised list of schemes.

9.4 As highlighted in section xxxx, all meetings of the LTB will be public meetings and all agendas, papers and minutes working shall be made available online by the accountable body.

## 10. **Transparency and Local Engagement**

10.1 As shown in the structure chart in Appendix 3, the LTB shall be supported by a wider advisory group, consisting of representatives from the transport sector, from local interest groups and other relevant stakeholders. This group will be established and constituted as an informal “virtual” forum, to provide input to the process and provide an additional tier of non-statutory scrutiny and rigour into the process. It will also be canvassed for any candidate schemes, or views thereon, at the start of the scheme prioritisation process.

10.2 Specifically, the wider stakeholder group will be consulted on the draft methodology and on the draft prioritised list being considered by the local transport body in July 2012. The group will subsequently be consulted on individual schemes, including draft business cases and other formal consultation stages (e.g. on Environmental Impact Assessments). The Transport Advisory Group will be responsible for setting out more detailed guidance and requirements for scheme promoters on public engagement and on consultation.

10.3 Merseytravel, as accountable body, will ensure that all background papers, scoring frameworks, decisions and minutes are made publicly information via its website. Relevant minutes of the LTB’s Transport Advisory Group will also be published as background information. Exemptions will only be permitted where these relate to established issues of confidentiality, such as staffing or commercially sensitive aspects.

10.4 A dedicated local transport body website will be established in due course, though all constituent bodies will initially provide a

web link to Merseytravel's LTB web pages, to ensure that consistent information is available from numerous sources.

11. **Complaints and whistleblowing**

- 11.1 Any complaints or concerns will be directed to and administered by Merseytravel, as the local transport body's accountable body. These will be managed by Merseytravel's Monitoring Officer and by its Head of Internal Audit.
- 11.2 In cases where objections or concerns cannot be resolved at officer-level, then these shall be escalated to Merseytravel's Audit and Governance Committee (or any variation thereon).
- 11.2 As a third stage, unresolved complaints arising from the above shall be referred to the Department for Transport by the accountable body.

12. **Scheme prioritisation**

- 12.1 The local transport body will adopt a transparent and robust prioritisation methodology for evaluating candidate schemes at the outset. The Merseyside and Halton Local Transport Plans will provide the overriding guiding framework for the process of devolving major transport schemes, recognising that these plans do identify potential major schemes in response to the city region's transport challenges and objectives.
- 12.2 An initial "longlist" of candidate schemes will be co-ordinated by the Transport Advisory Group, based on the policy context set out within the LTPs and other key city region policy documents (e.g. Mayoral Development Zones, Enterprise Zones and the LEP's economic growth priorities). These priorities have previously been articulated in a related briefing paper for senior officials from the DfT during the summer of 2012.
- 12.3 In addition, this list will be supplemented by canvassing members of the Wider Stakeholder Group for other candidate schemes. This will ensure that the process is inclusive and up-to-date. A detailed electronic pro-forma will be utilised to obtain the relevant information and to provide a clear audit trail of all schemes that are identified.
- 12.4 The methodology that will be used to generate the prioritised list of projects will follow earlier successful approaches within the city region for prioritising funds, specifically work on shortlisting candidate Regional Funding Allocation schemes in 2008, and schemes that made up the successful Local Sustainable

Transport Fund bid in 2011. The draft methodology will be shared with the Wider Stakeholder Group, and will be considered and approved by the LTB ahead of the consideration of candidate schemes. It will also be available on the accountable body's website.

12.5 The methodology will utilise a preliminary gateway assessment stage, and scheme promoters will be required to address the fit of the scheme against LTP and LEP policy context. This will be followed by a gateway stage that will utilise DfT's 'EAST' methodology to establish whether or not the proposal would form the best solution to the problem that exists. A deliverability assessment stage will also be utilised to understand the state of readiness of the scheme.

12.6 Schemes that satisfy the gateway stages will then be scored objectively, on the information available, against three principal criteria:-

- Economic impacts (50%)
- Financial case criteria (25%)
- Health and wellbeing criteria (25%)

As noted in paragraph xxxxx, the city region is developing an economic appraisal module to assist with the quantification of economic impacts. The DfT's carbon calculator will be employed in the third criterion in relation to health and wellbeing impacts. A numerical score will then be attached to each candidate scheme, to enable a ranked list to be considered by the local transport body.

12.7 This process will enable not only a 4-year programme of ranked schemes to be identified (covering the next spending review timescales), but a longer-term programme, in line with the city region's commitment to develop a 10 year single capital pot for transport.

12.8 The appraisal methodology is summarised in the diagram within Appendix 4.

### 13. **Scheme eligibility**

13.1 The Liverpool City Region will ensure that the funds that are devolved will be utilised for traditional major scheme which will include packages of measures. Major maintenance schemes will also be included within the scope of the work, recognising their strategic fit with the city region's Local Transport Plan policy context. The scheme prioritisation methodology will provide the necessary policy tests for candidate schemes and no additional

restrictions or hurdles will be employed by the local transport body once schemes have been prioritised by July 2013.

- 13.2 The prioritisation 'gateway' test in particular will ensure that schemes that are promoted are of sufficient magnitude, and are of genuine strategic importance to the city region. This reflects the special conditions associated with major schemes funding and the city region's clear stance that major schemes funding must not be used to top up integrated transport block funds or to fund works that should instead come from the ITB.
- 13.3 A threshold of £3 million has been agreed as the minimum threshold for schemes, to ensure that they are of sufficient significant scale and impact and to manage the number of schemes coming forward. Reducing the original £5 million threshold does, however, give the city region greater flexibility with its resources at a time when other sources of funding are more limited.
- 13.4 The LTB will also require all scheme promoters to provide an element of match funding for their schemes. A minimum of 10% will be required, and major schemes funding will form a maximum of 90% of the scheme's cost. Furthermore, the prioritisation methodology will utilise criteria that reflect value for money considerations, meaning that schemes attracting higher levels of match funding will receive a higher weighting in the scoring system than those drawing only limited levels of match funding. This will ensure best value for money from the funds that are available to the city region (see xxxxxx below).

#### 14. **Scheme assessment and approval.**

- 14.1 Individual local authorities or the Passenger Transport Executive will remain responsible for developing detailed scheme proposals for schemes that are approved by the LTB through the prioritisation process. The city region is looking to develop more innovative and collaborative approaches to scheme delivery, however as part of its review of transport governance arrangements.
- 14.2 To ensure a clear distinction between scheme promoters and the role of the LTB as the schemes assessor, the Chair of the Transport Advisory Group will be the principal officer contact point for the LTB, and provide a link between the officer-level support structures and the LTB. They will present the LTB will advice on all schemes submitted for funding approval at the key stages outlined below.
- 14.3 As highlighted in section xxxxxx, the Transport Advisory Group has committed to allocate £400,000 in 2013/14 and 2014/15 for

drawing in impartial, technical advice on scheme business cases, as required. This approach will ensure that advice presented to the LTB is impartial and that conflicts of interest between officers who sit on the Transport Advisory Group and the schemes promoted by their respective organisation or authority are avoided.

14.4 Schemes that have been shortlisted will be approved by the Local Transport Body in two discrete stages following the submission of a satisfactory business case that accords with DfT's WebTAG guidelines:-

- (i) schemes will enter a Programme Entry stage, to give scheme promoters 'in principle' approval and to allow appropriate powers or processes to be pursued.
- (ii) when the scheme reaches its required stage of readiness, an application for Full Approval shall be made to the LTB before any funds are committed legally.

The LTB reserves the right to utilise an interim, Conditional Approval stage for larger or contentious schemes.

15. **The transport business case**

15.1 The LTB will require all scheme proposals submitted by local authorities to clearly accord with the existing DfT requirements. The LTB will be supported by the Transport Advisory Group in ensuring that the level of information submitted is of the required standard and that all necessary processes (e.g. WebTAG and Environmental Impact Assessment requirements) are satisfied.

15.2 Scheme promoters will be required to develop a Strategic Outline business case, an Outline Business Case and a full Business Case. External validation and scrutiny at these stages will be secured through consultancy support, as required, funded from the budget that has been specifically allocated for these purposes by the Transport Advisory Group.

16. **Value for Money**

16.1 Value for money will be a core criterion that the LTB will utilise initially in its methodology for creating a prioritised list of schemes. Schemes drawing in higher levels of match funding will receive a higher weighting than schemes drawing in the minimum level of match funding.

16.2 All business cases that are subsequently developed will be required to accord with established WebTAG advice, and

Benefit-to-Cost ratios will be required for all candidate scheme business cases. The LTB will approve only those schemes offering the highest value for money. Schemes that have previously been rejected on value for money grounds within the lifetime of the LTP regime will not be re-considered by the LTB.

- 16.3 Further proxies for value for money will be secured by the city region through the use of its Strategic Transport Model and its emerging economic appraisal toolkit, as appropriate. Consistency and quality assurance will be secured through independent technical support and validation that will be called upon as required, and as outlined within this assurance framework.
- 16.4 At every scheme approval stage, the LTB shall require a value for money statement to be developed. This will be considered and signed off by the Chair of the Transport Advisory Group, barring circumstances in which this would relate to a scheme developed by the home authority of the Chair, and when the Vice Chair would assume this role in order to avoid any conflict of interest.
- 16.5 As part of the detailed scheme approval process, the LTB will require scheme promoters to submit evaluation and monitoring method statements, and the requirement to monitor schemes will be a funding condition. At the end of the spending review period, the LTB will commission a report that collates evaluation and monitoring data from schemes completed within this period and identify any key messages arising as a result. This report will be publicly available thereafter.

17. **External views on business cases**

- 17.1 The LTB will utilise the Wider Reference Group as its main advisory group to comment and provide scrutiny of scheme business cases. In addition, scheme business cases shall be made available on the website of the accountable body (and in due course, the website of the local transport body) for a minimum of 3 months. This is to provide an opportunity for members of the public to consider and comment upon proposals.
- 17.2 The Transport Advisory Group will be responsible for considering comments received as part of this process and ensuring that these are reported to the LTB as part of the decision making processes.

18. **Release of funding, cost control and approval conditions**

- 18.1 The LTB's funding contributions will be capped contributions. In the event that scheme costs escalate, then applications for additional funding approval will not be considered by the LTB once schemes are fully approved. This reflects the reality that funding levels are limited and will be in high demand. Alternative approaches will thus be required to manage cost overruns (e.g. from local funds or third parties). This condition will be made clear once the LTB has agreed a prioritised list of schemes and invites major scheme business cases from successful scheme promoters.
- 18.2 Funding approvals will also reiterate the legal agreement that will exist between each organisation represented on the LTB and the accountable body, in terms of the purposes for which devolved funds may be used, as outlined in paragraph 5.7 of the assurance framework.
- 18.2 Merseytravel, as the accountable body will require funds to be claimed from scheme promoters in arrears on a quarterly basis. In the event that spend is not keeping pace, then contributions may be suspended. This will be stipulated as part of a conditional funding agreement between the accountable body and the promoting body.
- 18.3 These principles will apply equally to Merseytravel, as accountable body for the LTB, in the event that it is also a scheme promoter. Additional controls will exist in this respect by the legal distinction between the Integrated Transport Authority (which is the body represented on the LTB) and the Passenger Transport Executive, which be the scheme delivery agent. Any funds awarded to the PTE as a scheme promoter would also enter its capital programme and be accounted for separately from devolved major schemes funds as a whole.
- 18.4 As part of scheme business cases, promoters will be required to demonstrate where match funding will stem from, and the risks associated with these funds.
- 18.5 Scheme promoters will also be subject to regular audits by the accountable body.

## 19. **Programme and risk management**

- 19.1 The work of LTB will be managed and supported by professional staff. The principal officer with responsibility for contact between formal LTB meetings and the Chair will be the Chair of the Transport Advisory Group, supported by officers from the constituent local authorities.

19.2 Funding approvals will feature as standing items of formal meetings of the Transport Advisory Group, to monitor and manage issues such as spend profiles and risk to the programme as a whole, on behalf of the LTB.

DRAFT



**Terms of Reference for the Liverpool City Region Local Transport Body**

**DRAFT – January 2013**

**Context**

1. The Liverpool City Region Local Transport Body (LTB) exists for the primary purpose of managing the process of making policy and funding decisions in relation to devolved transport major schemes funding from the Department for Transport within the Liverpool City Region.
2. The Liverpool City Region is defined as the local authorities of Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral. It also includes Merseytravel, as the Passenger Transport Executive and Integrated Transport Authority for Merseyside and the Liverpool Local Enterprise Partnership area.

**Duties of LTB**

3. The Local Transport Body will take the form of an informal partnership of appointees from each of its constituent organisations, empowered to take decisions to fulfil the duties expected of it in respect of devolved transport major schemes funds. These duties will include:-
  - Identifying a prioritised list of investments within the available budget
  - Making decisions on individual scheme approval, investment decision making and release of funding, including scrutiny of individual scheme business cases
  - Monitoring progress of scheme delivery and spend
  - Actively managing the devolved budget and programme to respond to changed circumstance [scheme slippage, scheme alteration, cost increases and so forth]
  - Responsibility for ensuring value for money is achieved.
4. Decisions made by the LTB will be binding, though will be subject to the right of the accountable body to challenge on legal or a procedural grounds. There will be no requirement for the constituent local authorities or organisations to ratify decisions made by the local transport body, as the local transport body has executive power to make strategic funding decisions on behalf of the city region.
5. The LTB shall operate in accordance with the principles set out within the LTB's assurance framework agreed on xxxxxxxxx and as submitted to the Department for Transport in February 2013, and which should be read in conjunction with these Terms of Reference.

### Membership of LTB, voting and quoracy

6. The LTB will be composed as follows:-

<b>Member</b>	<b>Status</b>	<b>Role on LTB</b>	<b>Number of votes</b>
Chair of Merseyside Integrated Transport Authority *	Elected member	Chair + Voting member	1 + casting vote
Leader of Halton BC *	Elected member	Voting member	1
Leader of Knowsley MBC *	Elected member	Voting member	1
Mayor of Liverpool *	Elected Mayor	Voting member	1
Leader of St Helens MBC *	Elected member	Voting member	1
Leader of Sefton MBC *	Elected member	Voting member	1
Leader of Wirral MBC *	Elected member	Voting member	1
Chair of Liverpool Local Enterprise Partnership *	Private sector representative	Voting member	1

*\* or named alternate*

7. All representatives sitting on the LTB shall appoint a single, named alternate, who will enjoy the same status as the principal representative. A Vice Chair shall also be appointed each year.
8. The LTB members will each have full and equal voting rights. The body will be chaired by the Chair of the Merseyside Integrated Transport Authority. All decisions made by the local transport authority shall be majority decisions. The Chair of the LTB shall carry the casting vote, in the event that votes are split. The Vice Chair will enjoy similar rights when deputising for the Chair. There shall be no other classes of membership.
9. All decisions made by the LTB shall be majority decisions and any proposals or amendments will be subject to established proposing and seconding conventions
10. The local transport body must be quorate in order to take decisions and consider recommendations. A minimum of 4 members must be present to ensure quoracy, which must include the presence of either the Chair or the Vice Chair.
11. Members of the LTB agree to abide by a code of conduct as developed by its accountable body and be subject to its protocols in respect of declarations of interest and pecuniary interests, to satisfy.

### LTB meeting arrangements

12. The LTB shall agree a schedule of meetings each year. The Chair may also convene additional meetings of the LTB, in consultation with other members, providing that at least 14 days' notice ahead of the proposed

date is given. In the event that a scheduled meeting is not deemed necessary, then the Chair may agree to cancel or reschedule that meeting at least 14 days ahead of its scheduled date, providing that all members of the LTB have been consulted in advance of notice being given of the intention to cancel.

13. A meeting of the LTB shall be required in order to consider an individual scheme business case or to make eligibility / funding decisions in respect of any scheme.
14. The meetings of the local transport body will be held in public and all background papers, agendas and minutes will be publicly available on Merseytravel's (or a future dedicated LTB website's) 'modern.gov' system a minimum of 5 working days ahead of the date of the meeting
15. The LTB's terms of reference will be reviewed and updated at an AGM in April of each year. This will provide an opportunity for the following issues to be reviewed:-
  - membership of the LTB
  - the Chair and Vice Chair for the coming year (the existing Chair and Vice Chair may stand for re-election)
  - changes to voting arrangements
  - changes to the LTB's terms of reference, including wider responsibilities or advisory roles
  - changes to the LTB's accountable body
  - changes to the LTB's support arrangements

#### Accountable body to the LTB

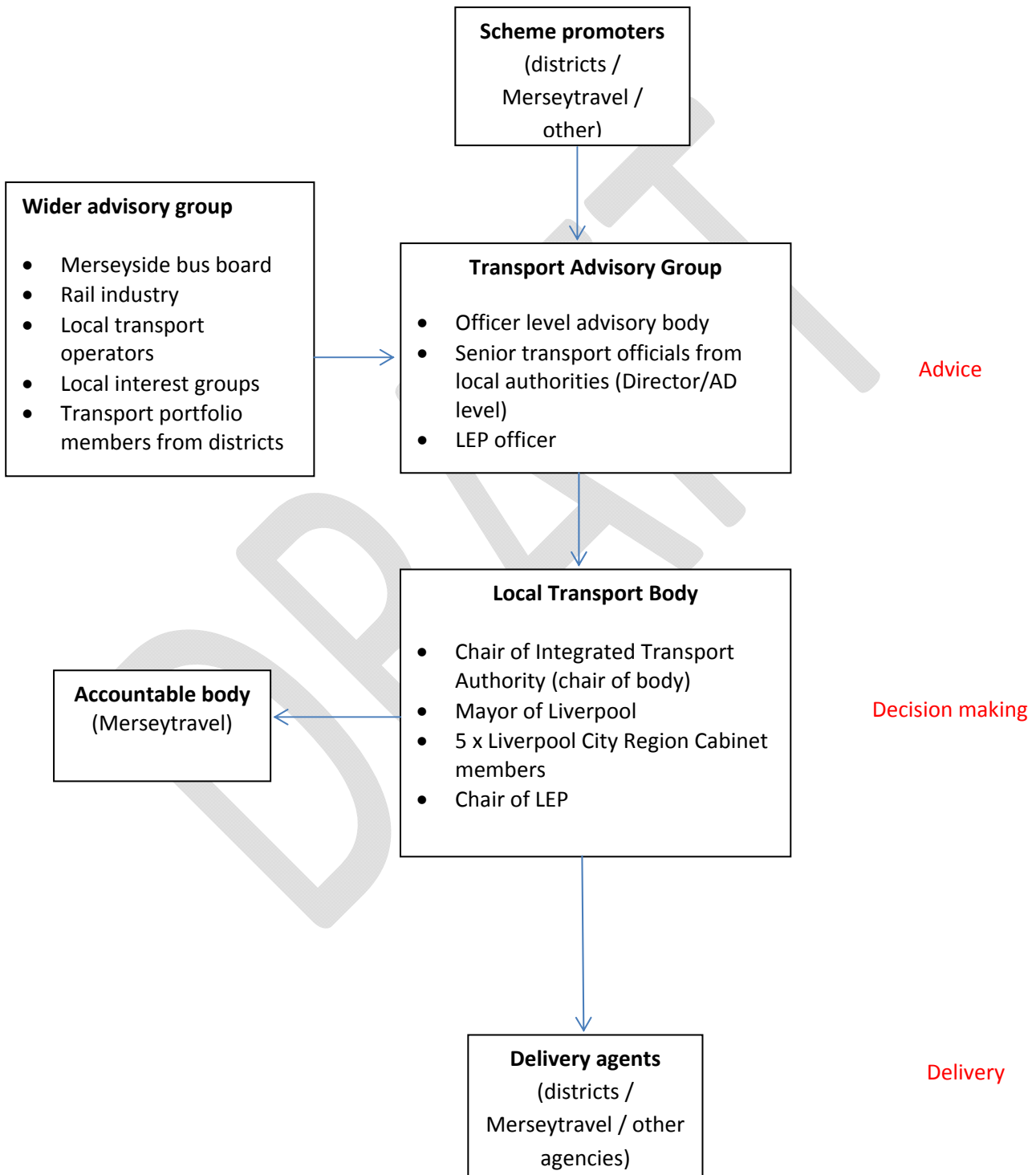
16. Merseytravel (The Merseyside Integrated Transport Authority and Passenger Transport Executive) will act as the accountable body. As such it will:-
  - hold the devolved major scheme funding in a discrete cost centre
  - make payments to delivery bodies such as Local Authorities, linked to appropriate legal agreements and funding agreements relating to the purpose to which funds may be used
  - be responsible for providing annual audits to DfT on behalf of the LTB
  - providing audits of scheme promoters
  - provide financial statements to the LTB
  - manage the devolved funding in accordance with the assurance framework
  - be responsible for clawing back, or withholding funds in the event of any mismanagement of funds.

### LTB support arrangements

17. The LTB will be supported at officer level by a Transport Advisory Group, made up of Director and Assistant-level transport officers from each of the city region local authorities and from Merseytravel. This body will have responsibility for providing professional advice to the LTB.
18. The Chair of the Transport Advisory Group will be the principal contact point for the Local Transport Body, and will act as the principal link between the Transport Advisory Group and the Chair of the LTB. This officer will also be responsible for authoring and presenting reports to the Local Transport Body, supported.
19. The local transport body will be supported by a wider advisory group, to provide input into the prioritisation, approvals and consultation processes. This will include representation from private sector transport operators, from local interest groups and from government agencies / partners such as the Highways Agency and Network Rail.

**Appendix 3**

**The structure of the Local Transport Body and its support arrangements**



**Schematic of prioritisation methodology**

