

WIRRAL COUNCIL

CABINET – 23 APRIL 2009

REPORT OF THE DIRECTOR OF TECHNICAL SERVICES

PROPOSALS FOR THE REVIEW OF GOVERNANCE ARRANGEMENTS FOR THE INTEGRATED TRANSPORT AUTHORITY

EXECUTIVE SUMMARY

The purpose of this report is to advise Cabinet of the proposed Governance Review of the Merseyside Integrated Transport Authority (ITA) in accordance with the requirements of the new Local Transport Act and seeks endorsement for the proposed Study Brief and Reporting/Management Arrangements for the Review outlined in this report.

1. BACKGROUND

1.1 The Local Transport Act (LTA), was enacted in November 2008. It has three primary aims:-

- a) allow changes to the way local bus services are planned and operated;
- b) give local authorities the power to review and propose their own arrangements for local transport governance to support more coherent planning and delivery of local transport; and
- c) update existing legal powers so that, where local areas wish to develop proposals for local road pricing schemes, they have the freedom and flexibility to do so in a way that best meets local needs – whilst ensuring schemes are consistent and interoperable.

1.2 At the time of enactment, the existing Merseyside Passenger Transport Authority (MPTA), became the Merseyside Integrated Transport Authority (ITA), reflecting the Department for Transport (DfT) belief that they should have a more overarching role in the planning and delivery across all modes of transport, and take over sole responsibility for the third Local Transport Plan, (LTP) due to be implemented from April 2011. This replaced the former arrangements where the LTP in metropolitan areas was a shared responsibility between the PTA and the Local Authorities.

1.3 In order to ensure that the ITA is fit for purpose and suited to local circumstances so that it can take on its enhanced role, the Act allows for a comprehensive review of governance of the ITA and how Halton delivers its highway and transportation functions. This has been agreed by Leaders and the ITA; the Transport Working Group (TWG), has been tasked on behalf of Leaders to manage the review.

2. CURRENT POSITION

- 2.1 Attached as Annexe One is the agreed review brief. It has been agreed that the review will be undertaken by Atkins Consulting based on the level of expertise they have built up in other City Regions. The contract will be let by the Merseyside Passenger Transport Executive (MPTE).
- 2.2 Attached as Annexe Two is a report agreed by TWG as the reporting arrangements for the review.
- 2.3 All current best estimates suggest a period of two years from start to implementing the recommendations of the review. Although DfT are insistent they will employ a 'light touch', nevertheless there are stringent requirements particularly in terms of the level of consultation required and some recommendations may require additional legislation to implement.
- 2.4 At a special joint meeting with DfT, held on 27 January, a number of important issues were clarified:-
 - a) Ministers were anxious to be seen to be making progress on the LTA and areas undertaking governance reviews should seek to make early progress;
 - b) Whilst recognising that there may be impositions on DfT's workload, it was not envisaged this would cause major delays; and
 - c) Where reviews required legislation to fully implement the agreed proposals, there was no reason why shadow arrangements could not be put in place immediately in order for the reformed ITA to undertake the duties required of it. This should help with concerns over ITA responsibility for LTP3.

3. SECURING AGREEMENT

- 3.1 Proceeding with the review will be dependent upon the agreement of the ITA, City Region Cabinet, and individual Local Authorities. At its meeting of 19 March, the ITA agreed the brief attached as Annexe One. It is anticipated that timescales for agreements by Local Authorities will mean the review can be started in mid to late May.
- 3.2 Reporting arrangements thereafter will be as set in Annexe Two.

4. FINANCIAL IMPLICATIONS

The cost of the consultant's commission will be in the region of £120k of which there is a £70k contribution from NWDA, and the remaining £50k to be found from Merseytravel and the City Region Local Authorities. Of this £50k

Local Authority contribution, Wirral's contribution to be funded from the LTP will be in the region of £5k.

5. EQUAL OPPORTUNITIES IMPLICATIONS

There are no direct implications under this heading.

6. PLANNING IMPLICATIONS

There are no direct implications under this heading.

7. COMMUNITY SAFETY IMPLICATIONS

There are no direct implications under this heading.

8. HUMAN RIGHTS IMPLICATIONS

There are no direct implications under this heading.

9. LOCAL AGENDA 21 IMPLICATIONS

There are no direct implications under this heading.

10. SOCIAL INCLUSION IMPLICATIONS

There are no direct implications under this heading.

11. ANTI-POVERTY IMPLICATIONS

There are no direct implications under this heading.

12. ACCESS TO INFORMATION ACT

There are no direct implications under this heading.

13. LOCAL MEMBER SUPPORT IMPLICATIONS

This report has implications for all Wards.

14. RECOMMENDATIONS

Cabinet is requested to:

- i) Note the proposed Governance Review of the Merseyside ITA in accordance with the requirements of the new Local Transport Act;
- ii) Endorse the proposed Study Brief and Reporting/Management Arrangements for the Review outlined in this report.

DAVID GREEN, DIRECTOR TECHNICAL SERVICES

Annexe One

**Final Version
20 March 2009**

Liverpool City Region

**Proposed governance review for transport
Study Brief**

Introduction

1. The Liverpool City Region, (LCR), wishes to undertake a comprehensive review of current arrangements for the governance and management of its transport functions. This is within the context of the Local Transport Act (LTA), and wider changes being made within the overall governance of the City Region.

The Liverpool City Region

2. This proposal is being issued on behalf of the Merseyside Transport Partnership, (MTP) and Halton Borough Council. The MTP is currently made up of the five Merseyside local authorities, Liverpool City Council and the District Councils of Knowsley, Sefton, St Helens and Wirral, and Merseytravel, which is the Merseyside Integrated Transport Authority and Passenger Transport Executive for Merseyside.
3. Both Merseyside and Halton LTP's are rated excellent for both the quality of the current LTP, and for delivery of the first LTP. In addition, acting jointly, the MTP and Halton have been awarded Beacon status for work on accessibility.
4. Although there are two separate LTP's, the MTP and Halton coordinate activities at officer and Member level.
5. This arrangement is mirrored at the wider City Region level, where shadow City Region Cabinet arrangements are now in place. It is proposed that the Cabinet should be formally constituted and operational in Autumn 2009.
6. In January 2009 the City Region signed the first stage of the Multi Area Agreement, (MAA). A second stage, embracing transport, economy and housing will be submitted in June 2009.

The Transport Working Group

7. The City Region has so far decided that there will be six main Platforms under the Cabinet. Transport is one of these. Within the

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current arrangements, each portfolio is led by a Cabinet Member supported by a Chief Executive. Under the current shadow arrangements, the transport platform is led by Halton.

8. In anticipation of the Local Transport Bill, City Region Leaders agreed the establishment of a Transport Working Group, (TWG) to begin examining potential new governance arrangements. This is co-Chaired by the Chief Executives of Halton and Merseytravel. The Terms of Reference and Membership of TWG are contained in Annexe One.
9. Beside the two LTP's described above, the TWG has a working draft City Region Transport Vision and Strategy, which has been endorsed by Leaders. It is also taking responsibility for the transport elements of the proposed City Region Multi Area Agreement, (MAA) which is due to be agreed in June 2009.
10. The TWG is the commissioner of this brief and will act as the Steering Group for the work. This is described in greater detail later in this brief. The Merseyside Passenger Transport Executive will act as the partnership's accountable body for contractual purposes.

Work already undertaken

11. The TWG has undertaken an internal review of possible governance arrangements and has examined emerging proposals from other Metropolitan areas.
12. Leaders have agreed the following as an interim position, pending the full review.
 - (i) An Integrated Transport Authority (ITA) should be established building on the existing PTA.
 - (ii) The ITA to consist of 20 LA Members (18 allocated to the 5 LAs currently members of the PTA as per the current PTA allocations plus two from Halton).
 - (iii) Scrutiny of the ITA would be through the City Region Cabinet and the new LCR Scrutiny Board to be established under the City Region Prospectus. (The LCR Scrutiny Board to consist of elected members from all 6 LA's led by the Scrutiny Chairs from across the LCR – details to be confirmed).
 - (iv) From time to time Stakeholders will be co-opted onto the LCR Scrutiny Panel.

The proposed review

13. The LTA presents new opportunities to English local authorities outside London to improve the governance of transport, and hence to improve the provision of transport services to all who use and depend upon them every day. In considering governance arrangements it is important to base the work on a clear view of the broader objectives and priorities for the improvement of the area. In particular, how transport can be planned and managed in a way which best supports sustainable economic growth.
14. We are determined that new governance arrangements are based firmly on the principle of form following function.

General principles for the review

15. It will be clear from the foregoing that the LCR has made considerable progress in examining potential governance arrangements for transport. In addition new wider governance arrangements for the City Region are well advanced. The starting point for this review is therefore:-
 - (i) The powers contained within the LTA are well understood and do not require any further in depth analysis;
 - (ii) Wider City Region governance arrangements are established and transport's place within those broadly understood;
 - (iii) The Local Authorities and the ITA have produced a range of potential options for detailed examination within the context of i) and ii) above; and
 - (iv) In addition to the particular demands made within this brief, the work should be carried out within the context of the DfT's 'Guidance on Governance Reviews and the Publication of Governance Schemes'. (DfT Dec 2008).

NB In relation to 15 iii) above, the TWG have produced a Discussion Model. This is attached as Annexe Two and is referred to more fully in paragraph 29 below.

16. In setting out the key functions of the review, the over riding concern is to ensure that it is acknowledged as independent and transparent, and that its findings will be examined by a broad range of stakeholders. It is therefore critical that a step by step process establishes a knowledge base for final decision making. We will expect a clear framework for consultation to be set out at the earliest stage of the review. This should take account of the DfT guidance and any subsequent discussions with DfT and GONW on likely requirements in this area.
17. The Review should take the draft LCR Transport Vision and Strategy, along with the emerging MAA, and ensure a 'read across' between the two sets of proposals. The Liverpool City Region Development Plan

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and Merseyside Action Plan are additional strategic frameworks that need to be taken account of in undertaking the Review.

Proposed phasing of the Review

18. The proposal is broken down into three stages identified in the DfT guidance.
- Stage One: problem analysis and identification of objectives
 - Stage Two: identification and assessment of options
 - Stage Three: conclusions and recommendations

Stage One - problem analysis and identification of objectives

The LCR context

19. This phase will establish a clear understanding of the context for transport within the LCR. It will affirm the aims and objectives for transport within the context of :-
- (i) The LTP's and Progress Reports
 - (ii) Draft LCR Transport Vision and Strategy
 - (iii) LCR Development Plan and Merseyside Action Plan,
 - (iv) MAA, and LAAs
 - (v) North West Operational Programme
 - (vi) National priorities;
 - (vii) Regional strategies does this include Northern Way?
 - (viii) Future challenges emerging from guidance on LTP3, Delivering a Sustainable Transport System,'(DaSTS) Regional Strategy and other relevant guidance or legislation.
 - (ix) The Merseytravel Best Value Performance Plan.

Current delivery arrangements

20. This will examine the current delivery arrangements for implementation of policy and programmes taking account of;-
- (i) The respective responsibilities of the ITA/PTE and LA's.
 - (ii) The existing situation in Halton which is a single transport authority covering all aspects of transport.
 - (iii) How the current provision of two LTP's impacts on serving a single LCR.
 - (iv) The strengths and weaknesses of delivering transport, highway and traffic functions/services via the different authorities.

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- (v) Examine the links between transport and land use planning and the current divisions in responsibilities and potential weaknesses in the Merseyside system, as opposed to the perceived strength of the unitary system in Halton.
21. At this stage there should be an acknowledgement of the issues surrounding the possible extension of ITA/PTE operations into Halton.
22. A particular concern in this element of the work will be to address the issue of the current 'excellent' status of the two LTP's and clearly establish the rationale for any change given that status.

Current governance arrangements

23. This phase will examine the current arrangements for managing policy and implementation it will examine;
- (i) The current operational structure of Merseytravel, taking account of the responsibilities of the ITA and PTE;
 - (ii) Current operational structures of the Merseyside local authorities in terms of transport responsibilities;
 - (iii) The current operational structure of Halton taking account of its responsibilities as a joint highways and transport authority;
 - (iv) Taking account of the above the respective roles of the ITA, PTE and LA's in policy, planning and implementation.
 - (v) Current joint working arrangements including the role of the Local Transport Plan Coordination Group, (LTPCG) and Merseyside Strategic Transport and Engineering Group, (MSTEG).
 - (vi) The relationship of the transport management arrangements to the wider City Region LA structure including Regeneration, Chief Executives, and shadow City Region Cabinet.
 - (vii) The relationship with wider City Region bodies such as the Sub Regional Partnership, (SRP), Local Strategic Partnerships, (LSP) and regional bodies;
 - (viii) The role of the Merseyside Strategic Transportation and Planning Committee, (MSTPC) in relation to the above.
 - (ix) The role of other key stakeholders involved in both the maintenance of the asset and use of the asset including

Improvement of the asset – public realm
Management of the asset - road safety; NRSWA; Highways
Development Control, (DC); Traffic Management events/
coordination; parking; co-ordinating utilities work.

Use of the asset – Bus operators; rail- Merseyrail and national;
Highways Agency, (HA Airport; Port and; freight.)

- (x) It must also consider connectivity/linkages with other policy areas including, housing; planning; quality of life (neighbourhoods agenda and quality of life); economic growth; and, health.

Funding

- 24. Within the context of wider considerations, current transport funding arrangements, for both capital and revenue in terms of accountability and funding flows should be examined. Account must also be taken of proposals for the Integrated Transport and Maintenance blocks to become part of the Regional Funding Allocation, (RFA), and what these arrangements may have on any proposals arising from this review.

Potential geographic extent of the LCR

- 25. Account should be taken of possible extensions to the current LCR boundaries into Cheshire, Lancashire and potentially, having influence over LCR's travel to work area, extending into North East Wales. We would anticipate discussion on these issues being evidenced by current travel to work patterns in the LCR. In the first instance possible extensions should be confined to consideration of LA's invited to be associate members of the LCR, Cabinet Details are contained within Annexe Two.

Stage One Conclusions and options for stage two

- 26. Completion of the four phases identified above will mark the completion of Stage One. Discussion and decisions reached on issues identified in this stage will form the platform for Stage Two.
- 27. Stage One will have:-
 - (i) Gained a full understanding of current governance and delivery mechanisms, including those between the transport sector and wider LCR structures and governance;
 - (ii) Identified the key LCR priorities,
 - (iii) Identified strengths of the current system;
 - (iv) Identified weaknesses where the system can be improved;

- (v) Against this analysis, recommend a set of prioritised objectives against which proposals for change may be evaluated to ensure transport delivers against LCR requirements.
 - (vi) Make recommendations for Stage Two that set out the critical features that revised governance arrangements will deliver.
28. Debate and agreement at this stage, with a wide range of stakeholders will be crucial in determining the next stage.

Stage Two - Identification and assessment of options

What is required to achieve the LCR transport objectives.

29. Stage one will have established the agreed transport objectives and the context within the wider LCR priorities. As well as the strengths and weaknesses of the current methods of transport delivery this phase examines the best ways to plan, manage and implement transport strategy, policy and plans. This will require analysis of both governance and support structures. It will examine the options already identified in the Discussion Model and set these alongside the objectives identified from Stage One.
30. A clear analysis of how each option performs in terms of meeting the objectives agreed in Stage One will be required. This will include a detailed assessment of costs associated with each, taking account of the most effective support systems required for each option.
31. Examination of the possible role of the ITA becoming Highway Authority and an assessment of the implications that this could have in relation to the land use planning system. Conversely, this should also assess the land use planning implications of the ITA's transport powers passing to the district councils or to (an) alternative body(ies). This element should also assess the value of the ITA's "power of direction" provision outlined within the LTA, from both an infrastructure planning potential and a planning development control perspective.
32. Depending on examination of issues such as the potential geographic reach of the LCR, recommendations on a phased or incremental approach may be required. This will also apply to the form of the ITA set out below.
33. Stakeholder debate will be required throughout this stage.

What governance arrangements follow from this analysis

34. Based on analysis set out above, this phase examines the preferred options for the form, membership and constitution of the ITA. This should take account of any need for an incremental approach based around possible future changes in area covered.

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35. This phase will need to take account of the developing wider City Region governance and requirements emerging from the City Region Cabinet. The relationship between the ITA and City Region Cabinet, and other City Region Boards must be clearly examined and clear lines of authority and communication established.
36. The review must take account of the proposals to facilitate more formal sub -regional collaboration through the Local Democracy, Economic Development and Construction Bill, (LDEDC); this provides the means to establish a formal Economic Prosperity Board, (EPB), The shadow City Region Cabinet have indicated that they wish pursue a model of statutory sub-regional governance. The potential implications for this in terms of the ITA should be examined.
37. The role of scrutiny within this framework will be important. Particular reference to the current role of MSTPC will be needed at this stage.
38. There will be a particular need to examine any implications arising from the Merseyside MAA. This will not relate solely to the final set of proposals that may be set out in the MAA, but also the lessons learned from the overall MAA process, in terms of how transport at the City Region level can best be stitched into the wider policy agenda, at a working level, and at City Region Board level. This will need to take account of the responsibilities of the other Boards in terms of ensuring transport implications of their proposals are accurately reflected.
39. In examining the above, account must be taken of the prospects set out in the SNR and reiterated in the letter from Government sent on 22 December, 2008, ' Pre Budget Report: City Regions', setting out the criteria, for the establishment of Economic Prosperity Boards, for the City Region. This proposition holds out the possibility of such a body absorbing the ITA's role and responsibilities. Full details of this and the City Region response are attached as Annexe Three.
40. The Review must take full account of the implications of these proposals and offer recommendations in terms of future transport governance. This is a critical stage of the Review, and close adherence to the DfT guidance is required. In particular we would expect the following:-
 - (i) The implications of the ITA taking responsibility for developing policies and planning leading to LTP3 –The DfT Guidance paragraph 5.33 notes the 'statutory duty' to implement the policies of the ITA. We will require a full understanding as to the best means to make this happen in practice. There are two particular implications that will need examination:-
 - (a) There are currently two LTP's covering the City Region.

Although there is an acceptance in principle of the advantages of a single LTP, the possible continuation of a separate LTP for Halton will need to be considered, including the working relationships with the ITA; and

- (b) There will need to be an in depth examination of the working arrangements between the ITA and the Highways Authority in areas such as the duties and responsibilities under the Traffic Management Act, (TMA), and how strategic networks may be defined and managed.
 - (ii) Within this context, the possible advantages of implementing proposals contained within paragraph 5.43 and 5.44 must be examined.
 - (iii) It follows that a critical examination of delivery of the ITA's proposals must also take account of the respective roles of the ITA and its PTE, as set out in paragraph 5.22 and 5.23 of the guidance. Issues arising from the District Audit report relating to the Merseyside report on the Merseytram governance arrangements will need to be taken account of here.
41. This detailed analysis will lead to clear recommendations on the proposed constitutional arrangements for the ITA. The review must also identify those recommendations for which it looks likely there will be a requirement for changes in legislation, and for which early engagement with the DfT is advised.
42. There will also be a need for recommendations for support and staffing arrangements, taking account of the analysis carried out above. The overall costs of options must be clearly spelt out.

Stage Two – conclusions and options for Stage Three

43. The end of this stage will:-
- (i) Provide a detailed assessment of best forms of delivery;
 - (ii) Based on the above a clear assessment of the best form for the ITA; and
 - (iii) Provide clear costs and benefits for the options chosen.
 - (iv)
44. Further stakeholder engagement will be required at this stage.

Stage Three – Conclusions and recommendations

45. This stage provides a final set of recommendations with full costs and benefits.

Stakeholder engagement

46. Extensive stakeholder engagement will be required. The DfT will produce guidance on this and this will be used to better inform this element of the work.

Timescales

47. There is a working assumption of 3 months per Stage. Within Stage One we anticipate agreement on the overall scope and structure of the review to be completed within the first two weeks.
48. There is a very strong emphasis on wide stakeholder involvement within this process; this will need particularly strong Member engagement. It is recognised that this requirement may well influence overall timescales and the timing of particular stages of the review. We would expect the Consultants experience from elsewhere to guide assumptions on likely timescales, and for early warning of potential delays during the Review itself.
49. However, TWG are anxious that the Review is completed as quickly as possible, and ideally by the end of 2009.

Annexe Two

Transport Working Group

20 March 2009

Governance Review; Suggested Sign Off Arrangements

Aim of Report

This report suggests arrangements for the 'sign-off' of recommendations that may emerge from the review of ITA governance.

1. Background

- 1.1 At its meeting in February, 2009, TWG endorsed the process for agreeing the brief for the review of ITA governance. This is the subject of a separate report to TWG.
- 1.2 It has been agreed that as a general principle it will be assumed that the review had been commissioned by the Leaders Group, and its implementation and management delegated to TWG.
- 1.3 Some evidence from other City Regions suggests that an essential element of the management arrangements for such a review must be to agree transparent and robust sign off arrangements, in order to avoid possible confusion and/or conflict as recommendations arise from the review for endorsement and agreement.
- 1.4 This report sets out proposed sign- off arrangements for the review.

2. Proposal

- 2.1 The following principles are proposed
 - (a) The review has been commissioned by the Leaders Group, with management delegated to TWG.
 - (b) The review is supported by the ITA
 - (c) TWG is seeking formal sign off to the review brief from the six local authorities, and the ITA.
 - (d) The Consultants will report first to TWG, who will make recommendations to Leaders and the ITA
 - (e) Leaders will make recommendations to the LAs

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- (f) Any differences will be resolved through the Leaders Group who will act as a Dispute Resolution Group.
- (g) Ultimately the final decision rests with the constituent bodies (namely the LAs and the ITA)

2.2 It is further proposed that MSTPC act as a wider Members Consultative Group supporting TWG in developing future proposals