Date: 31 March 2017

Subject: Transport for the North Accountable Body Transfer

Report of: Councillor Keiran Quinn, Portfolio Lead for Investment Strategy & Finance; and Richard Paver, GMCA Treasurer

PURPOSE OF REPORT

To outline the roles and responsibilities the GMCA is proposing to undertake in becoming the Accountable Body for Transport for the North.

RECOMMENDATIONS:

Members are recommended to:

(i) note the current position in relation to the Accountable Body for Transport for the North; and

(ii) approve the transfer of the Accountable Body from Sheffield City Region Combined Authority (SCRCA) to GMCA from 1 April 2017.

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RISK/ FINANCIAL/ LEGAL CONSEQUENCES/DETAILS

The financial and legal consequences are set out in sections 2 and 3 of the report.

BACKGROUND PAPERS:

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<th>TRACKING/PROCESS</th>
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<td>Does this report relate to a major strategic decision, as set out in the GMCA Constitution (paragraph 14.2) or in the process (paragraph 13.1 AGMA Constitution) agreed by the AGMA Executive Board?</td>
<td>No</td>
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<th>EXEMPTION FROM CALL IN</th>
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<td>Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?</td>
<td>No</td>
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1. INTRODUCTION

1.1 Transport for the North (TfN) is a pan northern transport body tasked to deliver the objectives of the Northern Transport Strategy (NTS). TfN is not yet a Statutory Body, instead operating on the basis of a Principles Document agreed between DfT and Northern Local Authorities. It is anticipated that TfN will achieve Statutory Status as a Sub-National Transport Body at the end of 2017.

1.2 The primary remit of TfN is to work in partnership with civic and business leaders across northern England together with the Department for Transport (DfT) and national agencies (Highways England, Network Rail and HS2 Ltd) to deliver the objectives of the Northern Transport Strategy (NTS).

1.3 The NTS sets out a comprehensive and pan northern transport strategy, including a programme of transformational, multi modal investment to enhance connectivity between northern cities.

1.4 As part of the delivery of the TfN Programme, the DfT awards an annual grant of £10 million to fund the scoping, feasibility and delivery of identified transport interventions.

1.5 In addition to the annual £10 million award, the DfT have committed funding for the current parliament life to deliver a northern Smart Ticketing programme; Northern Powerhouse Rail and Highways’ interventions. The phasing of these funding streams is dependent on expenditure profiles and milestones submitted to the DfT by TfN.

1.6 The SCR Combined Authority (SCRCA) has been the financially accountable body for the TfN programme since 2015. This includes the responsibility to oversee the day to day management of the financial operations whilst also administering and auditing any associated procurement processes.

1.7 Since 2015/16 the amount of funding awarded to the current Accountable Body, SRCA, is £25.2 million.

1.8 To enable the DfT to pass funding to TfN it needs to contract with a legal entity via a Grant Determination. Because TfN is not a legal entity one of TfN’s partner’s needs to act as the Accountable Body on its behalf.

1.9 SRCA have indicated that they do not wish to continue to undertake the role of Accountable Body for TfN. From the 1st of April 2017 it is proposed that the Accountable Body role will transfer from SCRCA to GMCA. Following discussions with SCRCA, TfN and the GMCA, it was proposed that the GMCA take on this role with effect from 1 April 2017. The TfN Executive Board agreed to the transfer of the Accountable Body role from SRCA to GMCA at its meeting on 23 February 2017, subject to the subsequent approval of GMCA.
1.10 TfGM currently provides much of the day to day support to TfN, via a cost recovery agreement. It is anticipated that TfGM will continue to provide day to day support following the proposed transfer.

1.11 DfT are aware of the proposed changes and are supportive of the proposed approach. This arrangement is expected to continue until Transport for the North becomes a Sub National Statutory Body, at which point TfN will become the Accountable Body.

1.12 The resource implications of GMCA undertaking the role of the Accountable Body will be agreed with TfN Officers and the associated costs will be recovered, in full, direct from TfN.

1.13 The paper outlines the key responsibilities GMCA will undertake whilst being the Accountable Body.

2. ACCOUNTABLE BODY RESPONSIBILITIES

2.1 Accountable Body status confers upon a body a requirement to ensure sound stewardship of public resource is used in an effective and efficient manner. Principally these obligations are discharged through the office of the Section 151 Officer.

2.2 The following are the key responsibilities that GMCA would undertake when it takes up the responsibility of being the Accountable Body:

- Ensure appropriate controls and mechanisms are in place for day to day management of the financial operations of TfN;
- Ensure any procurement is in accordance with Public Contract Regulations and demonstrates value for money;
- Overseeing and auditing any associated procurement processes if required;
- Disbursement of funds to partners that comply with funding agreements in place;
- GMCA will need to retain the right of audit to ensure any funding agreements are adhered to;
- Ensure any specific DfT grant conditions are aligned with partner funding agreements; and
- Claw back any grant if terms of funding agreements are breached.

2.3 Whilst GMCA would be accountable for the above, a framework of governance and financial control is currently in place which allows the day to day management of TfN to be carried out by TfN officers. This framework is regarded as fit for purpose whilst TfN is operating in its current form.
2.4 Due to the current framework being in place, GMCA is able to delegate day to day management of TfN to the current TfN officers and discharge the above responsibilities through the signing and monitoring of funding agreements between GMCA and TfN's partners.

3. CURRENT GOVERNANCE FRAMEWORK

**Partnership Board**

3.1 At the highest level, the Policy framework is outlined through consultation between Government Bodies and Northern Partners, to identify the key outcomes required by transport interventions to support economic growth in the North.

3.2 Working within the high level framework, the TfN Partnership Board (which reflects the diverse nature and geographical spread of TfN stakeholders) sets and agreements a more detailed strategic agenda. It is through the Partnership Board that the local voice and scrutiny of policy decisions can be undertaken.

**Executive Board**

3.3 The key governance body overseeing the activities of TfN is the TfN Executive Board, whose role is to ensure the programme outputs align with the strategic decisions that the Partnership Board recommend.

3.4 The Executive Board membership reflects the geographical regions and stakeholders that TfN serves. The Executive Board acts in a similar role to that of a regional transport authority's Executive and is the link between the Partnership Board and the delivery teams to ensure strategic goals are translated into the appropriate deliverables.

**Commissioning Board**

3.5 The key governance mechanism for delivering and monitoring TfN outputs is the Commissioning Board, whose membership reflects the geographical regions of TfN and the TfN funding body.

3.6 The Commissioning Board ensures any expenditure is subject to an appropriate scrutiny process before it is committed. The standard approval process is via reports being submitted for review and approval by the Commissioning Board.

3.7 Once approval to commit expenditure is given from the Commissioning Board, the procurement is undertaken through one of TfN's partner bodies using its own process. Partners currently undertaking procuring activity on behalf of TfN are TfGM, West Yorkshire Combined Authority (WYCA), SCRCA and MerseyTravel.

3.8 Currently all TfN procurement activity is undertaken by established procurement departments within the partner bodies. As a result, all
procurements adhere to OJEU rules where required; are drawn down from frameworks that have previously been procured; or fall under the established processes of partner bodies.

3.9 Once approval is granted, the relevant partner organisation will procure the goods or services, approve payment when delivered and submit a grant claim to the Accountable Body for the expenditure. GMCA will only pay the grant claim if the relevant procurement rules have been followed. Principally this means that expenditure was approved by the TfN Commissioning Board, that a funding agreement is in place, and that the expenditure has been properly procured.

3.10 GMCA as the Accountable Body would directly, or indirectly via TfGM, use existing processes for contracting, invoicing and disbursing funds to TfN partners. The resultant financial transactions will be consolidated into GMCA’s statutory accounts.

3.11 Any TfN partner wishing to access funding needs to sign a formal Funding Agreement that will define the process by which funding will be disbursed from the Accountable Body to partner bodies.

3.12 The resource implications of GMCA undertaking the role of the Accountable Body will be agreed with TfN Officers and the associated costs will be recovered, in full, direct from TfN.

4. RECOMMENDATIONS

4.1 Recommendations are set out at the front of this report.

Cllr Kieran Quinn         Richard Paver
Portfolio Lead for Investment Strategy & Finance    GMCA Treasurer