

REPORT TO: Mersey Gateway Executive Board

DATE: 19 September 2013

REPORTING OFFICER: Chief Executive

PORTFOLIO: Leader

SUBJECT: Progress in establishing the Mersey Gateway Crossings Board

WARDS: ALL

1.0 PURPOSE OF THE REPORT

1.1 Provide an update on the progress in establishing the Mersey Gateway Crossings Board;

(1) RECOMMENDATION: That the Board note the progress being made in establishing the Mersey Gateway Crossings Board Ltd.

3.0 SUPPORTING INFORMATION

3.1 Background

Requirement for Mersey Gateway Crossing Board Ltd (MGCB Ltd)

3.2 The Mersey Gateway Crossings Board Ltd (the Board) is a special purpose vehicle being established by Halton Borough Council with the delegated authority to deliver the Mersey Gateway Bridge project and to administer and oversee the construction and maintenance of the new tolled crossings including the tolling of the existing Silver Jubilee Bridge. The Board's terms of reference and delegated authority are expressed in a Governance Agreement with the Council, set to last for sixty years. The project construction costs are estimated at £600m with a total whole life cost of circa £2bn. Once operating the Board will oversee a concession business with annual turnover of circa £70m

3.3 At Previous meetings the Board has already approved the creation of the Mersey Gateway Crossings Board Ltd and delegated authority to the Chief Executive in respect of the appointment of staff and consultants.

3.4 It is envisaged that the MGCB will commence "shadow running" from early October and be operationally capable from Financial Close.

3.5 Current Position

- 3.6 The team has focused on five key areas of work required in order to deliver the Mersey Gateway Crossing Board, and these are:
- **Legal;** Overview of the legal requirements associated with the establishment of a separate legal entity and outlines areas of consideration in relation to the structure of the entity
 - **Human Resources;** Activities required in the establishment of the Board, particularly in relation to the protection of both the employer and employee through the provision of robust policies and contractual documentation. It also details the timeline associated with recruitment of staff and legal requirements in respect of employing staff.
 - **Finance;** Looking at the audit, financial and procurement policies that MGCB will require, also the support services that MGCB will require from HBC during the initial years of operation.
 - **ICT;** The equipment and support services required to enable MGCB to operate as a separate legal entity.
 - **Governance Agreement;** Reviewing the agreement in respect of the interaction between the Council and MGCB ensuring that it is suitable for purpose in respect of the reporting functions between the two parties
- 3.7 In order to ensure the objectives are delivered on time an issues document has been prepared to capture the numerous activities which need to be completed in order to achieve both shadow running form and fully operational form
- 3.8 Legal; initial focus has been on collating the information necessary to enable the formation of MGCB and confirming the structure.
- 3.9 Human Resources; This activity has seen the majority of the recent workload, and with the assistance of the Council's Human Resources team, Job Descriptions and Person Specifications all for the staff have been completed and agreed with the CEO. In addition the Terms and Conditions for MGCB employees have been drafted and agreed; Timetable for recruitment of staff (internal and external); Review and agreement of policies which need to be developed/rewritten for MGCB; Commencement of discussions with Cheshire Pension Fund regarding MGCB being admitted to the scheme; Development of the Service Level Agreement between the Council and MGCB regarding support services for Employee Relations and Payroll functions going forward.
- 3.10 Finance; Reviewing at an operational level the support required from the Council in order to deliver the "back office" functions in respect of

the financial activities of MGCB, this has included; Agresso, licencing, coding structure and workflow; Bank Accounts, creation of new bank accounts and associated costs; BACS licences, authorisation to process on behalf of third party; reviewing workload to be undertaken by the Council, payment of invoices; Development of Financial Policy for MGCB (similar to Financial Standing Orders); Development of Procurement Policy; Development of Audit Policy

- 3.11 ICT; Reviewing the requirements of MGCB across the whole range of ICT activities, ensuring that the Council can provide a suitable and independent structure. Reviewing services current provided by external third parties to examine if the Council can now provide a suitable solution.
- 3.12 Governance Agreement; this is the agreement between the Council and MGCB regarding the management of the construction, operation and maintenance of the MGB and the tolling of the SJB. This document once entered into cannot be altered with the permission of the Department for Transport. It will also influence the articles of association for MGCB (effectively the internal governance rules of MGCB)

It is therefore important ensure that the Governance Agreement is fit for purpose regarding the interaction between the Council and MGCB particularly in respect of the reporting functions from MGCB to the Council and also the auditing ability of the Council in respect of MGCB activities without being too onerous on either party.

The Agreement also details the level of support services provided by the Council to MGCB and the associated costs at Schedule Four, and as part of the work detailed above this will be captured in Service Level Agreements from the relevant Council departments.

4.0 POLICY IMPLICATIONS

- 4.1 The Project is a key priority for the Council which deliver benefits locally and across the wider region

5.0 OTHER / FINANCIAL IMPLICATIONS

- 5.1 All substantive implications are reported above

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

Mersey Gateway provides an opportunity to improve accessibility to services, education and employment for all.

6.2 Employment, Learning and Skills in Halton

Over 500 construction jobs will be required for MG and matters are in hand designed to ensure the local community has access to these job opportunities. In the longer term, several thousand jobs are forecast to be created in the sub-region due to the wider economic impact of the project.

6.3 A Healthy Halton

Mersey Gateway provides an opportunity to improve accessibility to services, education and employment for all, including improved cycling and walking facilities

6.4 A Safer Halton

The project will produce road safety benefits for road users including improved cycling and walking facilities.

6.5 Halton's Urban Renewal

Mersey Gateway Project is a priority project in the Urban Renewal Programme.

7.0 RISK ANALYSIS

The project structure supported by the proposed delegation and decision authority will reduce the risk of delay and improve the quality of the project control.

The creation of MGCB Ltd is a requirement of the DfT Funding Letter.

8.0 EQUALITY AND DIVERSITY ISSUES

Mersey Gateway provides an opportunity to improve accessibility to services, education and employment for all.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.